Unlock your potential

2022

Group Remuneration Policy and Report
Contents

Letter from the Chairwoman  4

Highlights  6

Section I. 2022 Group Remuneration Policy  18
1. Overview and principles
2. Governance
3. Compliance and Sustainability Drivers
4. Compensation Framework
5. Group Compensation Systems

Section II. Remuneration Report  66
1. Introduction
2. Governance
3. Remuneration Processes and Outcomes
4. 2021 Remuneration Data
Letter from the Chairwoman

“On the back of the 2022-24 Strategic Plan UniCredit Unlocked, an enhanced Group Incentive System has been launched as a Sustainable Performance Plan, combining short-term goals and additional long-term conditions consistent with the Strategic Plan ambitions and aimed at ensuring the delivery of sustainable results to all stakeholders over time.”

Jayne-Anne Gadhia
Chairwoman of the Remuneration Committee

Dear Shareholders,

During 2021 we continued to face uncertainties related to the ongoing COVID-19 pandemic but in general the financial industry benefited from a more supportive macroeconomic environment. In April 2021, Andrea Orcel was appointed as CEO of UniCredit and under his leadership and decisive actions taken the bank delivered an excellent set of 2021 financial results, achieving or exceeding all 2021 key financial guidance. We also have announced an increased shareholder distribution, subject to supervisory and shareholder approvals. This is a testament to the commitment and drive inherent in this business and its people and to the strength of the bank’s client base.

2021 was a pivotal year for our Group. On December 9, 2021 we announced UniCredit Unlocked, the new 2022-2024 Strategic Plan, aimed at optimizing the Group today and building a clear long-term programme for tomorrow embedding a strong and cohesive corporate culture across our business, uniting our employees behind a single ambition of empowering communities to progress and shared values of integrity, ownership and caring.

Our remuneration policies continue to be an integral part of the Group’s strategy. Compensation practices, plans and programmes are designed to properly incentivize, in line with market practice, the achievement of the strategic imperatives and financial goals, while fully integrating strong risk management across the Group.

In this context, on the back of UniCredit Unlocked, a new Group Incentive System has been launched as a Sustainable Performance Plan, combining short-term goals and additional long-term conditions consistent with the Strategic Plan ambitions and aimed at ensuring the delivery of sustainable results to all stakeholders over time. The additional long-term performance conditions are based on specific goals defined at Group level and cover the three years following the 2022 annual performance, thus acting as a modifier of the individual annual variable remuneration and shifting the focus on the long run. Within this framework, comprehensive scorecards, including, among others, financial and ESG targets aligned to the new Strategic Plan, have been formulated for the CEO and top management, as disclosed in the Remuneration Policy. The inclusion of such KPIs fosters the alignment of management’s interests with those of shareholders.

At the same time, market practices and the regulatory landscape on remuneration in Europe and in the countries where we operate are evolving and we continue to proactively engage with and listen to stakeholders, shaping our remuneration policies accordingly. Just to highlight a few changes: the increased focus on sustainability, greater gender parity across the Group and extended disclosure on remuneration practices.

The Remuneration Committee, together with the management team, is determined in defining remuneration systems that guarantee sustainable performance at both Group and individual level. At the same time, we are dedicated to providing employees with a best in class and inclusive work environment, and we will continue setting adequate remuneration levels to attract, motivate and retain the top class talent needed to deliver the new Strategic Plan.

I would like to take this opportunity to express my gratitude to our shareholders for your engagement in constructive discussions with the Group along the years. We will continue to provide you with transparent disclosure on our remuneration practices.

Finally, I would also like to thank the other members of the Remuneration Committee for their collaboration and enthusiastic participation in delivering on our mandate, as well as the members of People & Culture who closely cooperated with us.

Sincerely,

Jayne-Anne Gadhia
Chairwoman of the Remuneration Committee
The implementation of the principles set in the Group Remuneration Policy provides the framework for the design of the reward programmes across the Group.

Policy standards ensure that remuneration is aligned to business objectives, market conditions and stakeholders’ long-term interests. UniCredit’s compensation approach has been consolidated over time under the Group governance, to be compliant with the most recent national and international regulatory requirements. It is connected to performance, market awareness and aligned with business strategy and shareholders’ interests.

The key pillars of the Group Remuneration Policy (Section I) reflect the most recent regulations in terms of remuneration and incentive policies and practices, in order to build year after year a remuneration framework aligned with long-term strategies and goals as well as to be sustainable over time, all in the interest of our stakeholders.

The remuneration framework is linked to company results and is adequately adjusted to take into account all risks, ensures that capital, funding and liquidity levels are more than adequate to support all our ongoing activities and promotes the right behaviours, avoiding distorted incentives that could lead to violation of laws or regulations, or excessive risk taking.

The 2022 Group Remuneration Policy and Report fully encompasses the changes requested by Circular 285 from the Bank of Italy (37th update of November 24, 2021) on remuneration and Incentive matters. In addition, the document includes the requirements of the Legislative Decree no. 49 of May 10, 2019, by which the provisions of Directive (EU) 2014/65 (Shareholder Rights Directive II) are implemented in the legal system and which introduce an advisory vote by the Shareholders’ Meeting on the Remuneration Report.

The key pillars of the Group Remuneration Policy are:

1. **Key Pillars**
   - Clear and transparent governance.
   - Compliance with regulatory requirements and principles of good business conduct.
   - Continuous monitoring of market trends and practices.
   - Sustainable pay for sustainable performance.
   - Motivation, retention and fair treatment of all employees, with particular focus on talents and mission-critical resources.

2. **Material Risk Takers definition**
   - Application of qualitative and quantitative criteria, which are common at European level, as defined by the regulation, to identify the people who are deemed to take material risks for the organization.
   - The Material Risk Takers population is reviewed annually and on an ongoing basis ensuring full compliance with current regulations.
   - The identification follows a structured evaluation process both at Group and local level, based on the application of qualitative and quantitative criteria common at the European level.
   - The second cycle Group Material Risk Takers (GMRT) identification process led to the identification of 1,121 GMRT. The preliminary result of the evaluation process for the definition of Group Material Risk Takers in 2022 was broadly in line with last year’s results.

3. **Compensation benchmarking and policy target**
   - Updated peer group for compensation benchmarking, performed by an external advisor.
   - Definition of specific peer group at country/division level to assure competitive alignment with the market of reference.

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1. Organic capital generation means CET1 evolution deriving from (i) stated net profit excluding DTA from tax loss carry forward contribution and (ii) RWA dynamic net of regulatory headwind.
2. Shareholder distribution subject to supervisory & shareholder approvals and inorganic options.
3. Motivation, retention and fair treatment of all employees, with particular focus on talents and mission-critical resources.
5. Sustainable pay for sustainable performance.
6. Capital efficiency: generate organic capital of € 1.5 bps per annum.
7. Our financial targets for 2024 across our main KPIs will enable us to deliver a RoTE of 10% by 2024.
Deutsche Bank, Erste Bank, ING, Intesa Sanpaolo, Nordea Bank, Société Générale and UBS. Compensation benchmarking analysis is performed in comparison with this peer group. As a policy target, Material Risk Takers total compensation is set on the market median as reference, with the possibility to increase to attract and retain top-class talents, able to improve UniCredit’s competitive position, with individual positioning being defined on the basis of specific performance, potential and people strategy decisions, as well as UniCredit’s performance over time.

4. Ratio between variable and fixed compensation

In compliance with the regulatory requirements, the 2:1 ratio represents the maximum limit between variable and fixed components of remuneration for all employees belonging to business functions, including Material Risk Takers.

In compliance with applicable regulations - for the personnel belonging to the business functions - the adoption of a maximum ratio between variable and fixed remuneration of 2:1 as approved by the Annual General Meeting of May 13, 2014 has not changed.

Positions entitled to a variable to fixed ratio of potentially up to a maximum of 2:1 are:
- Group Chief Executive Officer;
- Heads of Italy, Germany, Central Europe, Eastern Europe and Client Solutions, Digital & Information Officer and Group Operating Officer;
- CEO and General Managers of Group Legal Entities;
- Personal staff belonging to Business Divisions (e.g. Client Solutions, Commercial Banking), excluding control or support roles.

Assumptions upon which the increase of the maximum ratio between variable and fixed remuneration, type of personnel and limit itself were based have not changed (e.g. UniCredit business model kept substantially stable since 2014, the compensation strategy is competitive at an international level and effectively in line with the one in 2014).

This approach allows UniCredit to maintain a strong link between pay and performance, as well as competitiveness in the market. UniCredit’s main peers have also taken the same approach in order to limit the effects of an uneven playing field in the market where the cap is not present, to avoid the rigidity of the cost structure derived from a possible increase of fixed costs and to guarantee the alignment with multi-year performance, through defining a relevant component of the variable compensation.

For the rest of the staff a maximum ratio between the variable and fixed components of remuneration equal to 1:1 is usually adopted, except for the staff of the Corporate Control Functions, for Human Resources and the Manager in Charge of Drafting the Company Financial Reports for which it is expected that fixed remuneration is a predominant component of total remuneration. For these Functions it is also foreseen that incentive mechanisms are consistent with the assigned tasks, as well as being independent of results from areas under their control.

For these Corporate Control Functions, in particular, the maximum weight of the variable component will take into account the differences between national rules and regulations in application of Directive 2019/878/EU in the various countries in which the Group operates, in order to ensure equal operating conditions in the market and the ability to attract and retain individuals with professional skills and capabilities adequate to meet the needs of the Group.

6. 2020-2023 Long-Term Incentive Plan management

The 2020-2023 Long-Term Incentive Plan (“LTIP 20-23”) was introduced in 2020 at the launch of the Team 23 Strategic Plan. Considering the review of UniCredit Strategic Plan and the connected review of the variable remuneration framework, to minimize overlap between incentive plans it is proposed to offer the beneficiaries of LTIP 20-23 against an agreed reduction in the so-called bonus opportunity linked to the LTIP, a correlated increase in the so-called bonus opportunity under the 2022 Incentive System.

The LTIP 20-23 was approved by Shareholders’ Meeting on April 9, 2020, and provides for the grant of an incentive in free ordinary shares, to selected Group employees, over a multi-year period linked to the Team 23 Strategic Plan and subject to the achievement of specific performance conditions.

In particular, it is proposed to keep the LTIP 20-23 in place (which therefore remains unchanged in all its structural elements, as approved by the Shareholders’ Meeting on April 9, 2020, including gate, objectives, duration of the vesting period, terms and methods of payment of the incentive, etc.) however agreeing with the beneficiaries a reduction in the amount of the equity incentive potentially assignable within the same (in other words, proceeding with the cancellation of the quotas referred to the 2022 and 2023 financial years as so to be able to increase the bonus opportunity linked to the 2022 Incentive System, in compliance with the ratio between fixed and variable remuneration).

5. Sustainable Performance Plan

The Group Incentive System 2022 provides for an overall performance assessment both at Group/country/division level and at individual level.

It has been structured to best support the new Strategic Plan delivery on a yearly basis, while ensuring that results delivered are sustainable over time via long-term performance conditions, considering the significant transformational effort of the new Strategic Plan.

The key design principles of the new incentive system are the following:

- Rolling structure: to allow for a yearly verification of the adequacy of the compensation instruments;
- “Double gate” on performance: combined system, that requires the recomposition of short-term performance over the long-term (2023-2025), to guarantee sustainability of the results in the context of a transformation of the operating model;
- "What" & "How": combination of financial targets and non-financial goals (i.e. Strategic Priorities & Culture KPis) strongly linked to the execution of the Strategic Plan and supported by a goal setting framework (the “KPI Bluebook”) certified by relevant group key functions and guidelines in line with regulatory provisions and group standards;
- Investor alignment: pay-out primarily in equity instruments, with long deferral period (total plan duration 8 years);
- Clear and understandable: providing clear performance conditions, targets and pay for performance correlation;
- Market awareness: incorporates the relative performance against peers (6TSR) in the long period;
- Fully compliant: fully in line with regulatory requirements, and consistent with risk appetite and compliance standards.

The 2020-2023 Long-Term Incentive Plan (“LTIP 20-23”) was introduced in 2020 at the launch of the Team 23 Strategic Plan. Considering the review of UniCredit Strategic Plan and the connected review of the variable remuneration framework, to minimize overlap between incentive plans it is proposed to offer the beneficiaries of LTIP 20-23 against an agreed reduction in the so-called bonus opportunity linked to the LTIP, a correlated increase in the so-called bonus opportunity under the 2022 Incentive System.
7. Compliance breach, Malus and Claw-back

The Group reserves the right to activate malus and claw-back mechanisms, namely the reduction/cancellation and the return respectively of any form of variable compensation/respectively of any form of variable remuneration components through the application of both malus and claw-back clauses, are reported in the 2022 Group Remuneration Policy.

8. Share ownership guidelines

Share ownership guidelines set minimum levels for company share ownership by relevant Executives, by ensuring appropriate levels of personal investment in UniCredit shares over time.

9. Severance payments

Continuous alignment with regulations/contractual frameworks in force at the time.

Severance payouts take into consideration long-term performance, in terms of shareholders' added value. They do not reward failures or abuses and shall not exceed in general 24 months of total compensation, including notice (in case of lack of law/National Labour agreement provisions as locally applicable).

The Policy on payments to be agreed in case of early termination of a contract (so called “severance payments”) is aligned with the changes introduced by the 25th update of the Circular 285 by Bank of Italy and it has not been subject to changes since 2021.

10. 2021 results and compensation decisions

2021 Results

UniCredit delivered a strong set of 2021 results, achieving or exceeding all key financial ambitions. Underlying net profit reached €3.9 bn for the full year, comfortably above our guidance. Underlying Return on Tangible Equity increased to 7.5 per cent. Our proposed total shareholder distribution is €3.7 bn, subject to our pro-forma 2021 year and CET1 remaining above 13.0%, which is slightly higher than what we presented at Strategy Day and it is more than comfortably funded by our in year organic capital generation of €6.5 bn – €3.9 bn from net profit and €2.6 bn from risk weighted assets thanks to capital efficiency measures. This reflects our focus on delivering meaningful, albeit prudent, distributions, funded by superior recurrent organic capital generation, whilst continuing to invest and develop the growth and profitability of the business. Accordingly, CET1 increased 68 basis points to 15.56 per cent, pro-forma for proposed distributions but gross of 143 basis points of regulatory headwinds and other items.

While we benefited from a more supportive macroeconomic environment, we achieved this thanks to decisive actions taken during the year; and the dedication, enthusiasm and performance of our employees.

Compensation decisions

Bonus pool performance metric (Net Operating Profit pre bonus)

<table>
<thead>
<tr>
<th>Group</th>
<th>FY 2020</th>
<th>% vs 2021 budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Italy</td>
<td>13.3</td>
<td>+26%</td>
</tr>
<tr>
<td>Germany Central Europe</td>
<td>17.9</td>
<td>+142%</td>
</tr>
<tr>
<td>Eastern Europe</td>
<td>0.7</td>
<td>+77%</td>
</tr>
<tr>
<td>0.7</td>
<td>+77%</td>
<td></td>
</tr>
<tr>
<td>1.2</td>
<td>+22%</td>
<td></td>
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</table>

With reference to 2021, the UniCredit Board of Directors considered the proposals of the Remuneration Committee and the guidelines of the regulatory authorities on variable remuneration.

The evaluation regarding compensation decisions, as done before in the previous years, was supported by a rigorous Group governance process in order to guarantee coherence and transparency towards all the participants involved.

In line with Group governance, assessment and payment for the Executives with Strategic Responsibilities have been reviewed by the Remuneration Committee and approved by the Board of Directors, having consulted the Statutory Auditors and Internal Controls & Risks Committee where appropriate.

The Board of Directors approved the overall bonus pool. The proposal submitted to the Board emerged in a total bonus pool amount higher than 2020, reflecting a normalised variable compensation following a year which was negatively affected by the pandemic and reflecting the strong performance of 2021. The distribution of the bonus for the Group Material Risk Taker population (3,121 individuals) is set out below, defined on the basis of the application of the 2021 Group Incentive System rules approved by the Shareholders’ Meeting.


8. Considering the application, from 2020, of the new split between the variable and fixed components of remuneration (which cannot exceed the limit of one third for the Material Risk Takers within Italian Control Functions, while fixed remuneration is expected to be the predominant component for the Control Functions of other geographies), share ownership guidelines are not applied to the Executives with control of Corporate Control Functions.
2021 Bonus distribution for GMRT

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>ITALY</td>
<td>12%</td>
<td>11%</td>
<td>13%</td>
</tr>
<tr>
<td>GERMANY</td>
<td>6%</td>
<td>6%</td>
<td>6%</td>
</tr>
<tr>
<td>CENTRAL EUROPE</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>EASTERN EUROPE</td>
<td>17%</td>
<td>12%</td>
<td>11%</td>
</tr>
<tr>
<td>GROUP CORPORATE CENTER</td>
<td>41%</td>
<td>93%</td>
<td>93%</td>
</tr>
<tr>
<td>EX-CIB</td>
<td>2%</td>
<td>14%</td>
<td>14%</td>
</tr>
</tbody>
</table>

CIB: Corporate & Investment Banking.
Data in mil. €. The payout does not include the 20-21 11.71 pro rata yearly quota.

> Compensation disclosure

The Remuneration Report (Section II) provides the description of UniCredit’s compensation practices and the implementation outcomes of Group Incentive Systems, as well as remuneration data with a focus on non-executive Directors and Group Material Risk Takers, defined in line with regulatory requirements.

Full disclosure on compensation payout amounts, deferrals and the ratio between variable and fixed components of remuneration for Group Material Risk Takers is provided in the Remuneration Report (paragraph 4.2, Granular Remuneration Data), including data regarding Directors, General Managers and other Executives with Strategic Responsibilities.

Data pursuant sect. B4-quarter Consob-Issuers Regulation Nr. 11971, Compensation Report-Section II (last modified under resolution no. 21643 of December 10, 2020), as well as the information on incentive systems under 114-bis of legislative decree 58/1998 ("Testo Unico della Finanza" - “TUF”) are included in the attachments to the 2022 Group Remuneration Policy and Report, published on UniCredit’s website, in the section dedicated to 2022 Shareholders’ Meeting.

Details
Section II-Paragraph 3.2

11. Chief Executive Officer variable and fixed compensation data

In April 2021, Andrea Orcel was appointed Chief Executive Officer of UniCredit. His compensation package for 2021 included a fixed component as well as a sign-on share-based award in lieu of any bonus payment for the year.

Considering the transitional nature of 2021, where the focus was on developing a new Strategic Plan for the Group, it was not possible to assign meaningful performance-goals to the CEO for 2021. In light of this, and in order to foster full alignment of interests between the CEO and shareholders from the outset, the Board of Directors in agreement with the CEO approved the sign-on share-based award. Representing the only variable remuneration awarded for 2021, the compensation will be determined based on the first year of delivery of a strong 2021 performance under his leadership. Mr. Orcel has separately indicated his preference to the Board that his fixed compensation remain the same, and that the variable remuneration awarded to him be strictly linked to the delivery of the performance targets outlined in the Strategic Plan. Any consideration beyond this should be reviewed over a longer period of time. The Board has taken this into account, and is in agreement with this position, believing that this approach is fully aligned with the interests of shareholders, reflecting the commitment to earned meritocracy that is central to UniCredit and its people. The Board is confident in Mr. Orcel’s ability to deliver long-term sustainable performance and improved shareholder returns. The Board will review Mr. Orcel’s remuneration in advance of the AGM in 2021, in light of the results delivered and progress made in 2021 and 2022.

As a mitigant for year 2022, the Board also resolved to calculate the share conversion price upon granting of the incentive system (i.e. upon the approval of the incentive system at the beginning of year 2022) and not at the moment of performance assessment (as per the previous practice) as this fully aligns interests to shareholders during the year. Furthermore, this allows management to benefit alongside investors from any share price increase during the year, and mitigates the impediment to reward for overperformance for the CEO.

12. Ex-ante disclosure of performance scorecard for Chief Executive Officer

The overall 2022 variable remuneration of the CEO will depend on the degree of achievement of the below short-term performance scorecard, based on the rules of the “Group Incentive System 2022”.

According to the principles of the Sustainable Performance Plan, 60% of the incentive as set above will also depend on the achievement of further long-term goals to be assessed over a 3-year horizon following the short-term incentive assessment period (i.e. 2023-2025). The relevant scorecard, that is the same for all executives for whom long-term conditions are foreseen, is shown below.
The degree of achievement of the long-term goals – once the access threshold is achieved, as below such threshold the incentive would be fully cancelled – will determine the confirmation or the adjustment of the incentive from -30% to +30%, in any case within the regulatory limit of the ratio between variable and fixed compensation, with the possibility to zero the incentive in case Malus conditions occur.

Details
Section I-Paragraphs 5.1 and 5.2

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A. Potential extraordinary events that might impact the Peer Group in asymmetric ways as well as other specific events (e.g. negative or low absolute TSR performance, etc.) may be duly taken into consideration via Board of Directors Discretion.
B. RoTE average 2023-25 below 33% vs. Target22.
C. Capital and liquidity conditions as defined for annual performance (for each year from 2023 to 2025).

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Levers and KPIs

<table>
<thead>
<tr>
<th>Type</th>
<th>Timing of Measurement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Absolute</td>
<td>AVERAGE 23-25 VS. TARGET 22</td>
</tr>
<tr>
<td>Relative</td>
<td>PERIOD 23-25</td>
</tr>
</tbody>
</table>

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Malus Conditions for 2023-25, LT Performance Period (Profitability, Capital and Liquidity):

A. Potential extraordinary events that might impact the Peer Group in asymmetric ways as well as other specific events (e.g. negative or low absolute TSR performance, etc.) may be duly taken into consideration via Board of Directors Discretion.
B. RoTE average 2023-25 below 33% vs. Target22.
C. Capital and liquidity conditions as defined for annual performance (for each year from 2023 to 2025).
Section I

2022 Group Remuneration Policy

1. Overview and principles
   1.1 Remuneration Policy alignment to sustainability strategy
   1.2 Employees working conditions, integral part of the remuneration policy
   1.3 Shareholders vote and main changes introduced with the 2022 Group Remuneration Policy

2. Governance
   2.1 Corporate Bodies and Committees
   2.2 Definition of the Group Remuneration Policy
   2.3 Role of the Corporate Control Functions
   2.4 Material Risk Takers identification process
   2.5 Compensation to Directors, Statutory Auditors and Executives with Strategic Responsibilities

3. Compliance and Sustainability Drivers

4. Compensation Framework
   4.1 Continuous Monitoring of Market Trends and Practices
   4.2 Fixed compensation
   4.3 Variable compensation
   4.4 Non-standard compensation
   4.5 Benefits
   4.6 Severance
   4.7 Ratio between variable and fixed compensation
   4.8 Share ownership guidelines

5. Group Compensation Systems
   5.1 2022 Group Incentive System
   5.2 Performance Management framework
   5.3 2020-2023 Group Long-Term Incentive Plan management
1. Overview and principles

The set of values of UniCredit is based on integrity, ownership and care as sustainable conditions to transform profit into value for stakeholders. A simple guiding purpose to empower communities to progress ensures we live these values every day.

By upholding the standards of sustainable behaviours and values which drive the Group’s purpose, the compensation strategy represents a key enabler to enhance and protect its reputation and to create long-term value for all Group stakeholders. Specifically, the remuneration policy contributes to the business strategy, long-term interests, and sustainability of UniCredit.

Now more than ever, sustainability forms a central part of everything UniCredit does and is fully integrated into the business and decision-making process: leading by example in UniCredit’s business, helping clients through a just and sustainable transition, contributing to a better society. It is a key lever for the future advantage for the Group. Individuals are rewarded based on merit and decision-making process: leading by example in UniCredit’s business strategies and a critical component of the bank’s success.

Through appropriate compensation mechanisms, UniCredit aims to create a best-in-class inclusive work environment, fostering and unlocking individual potential to attract, retain and motivate a highly qualified global workforce capable of creating a competitive advantage for the Group. Individuals are rewarded based on merit and performance in terms of sustainable results, behaviours and Group values.

UniCredit believes in inclusion as a strategic business driver and is committed to creating an inclusive, positive, and barrier-free environment for its diverse workforce, where everyone has the opportunity to perform and grow. Employees are expected to contribute to creating and maintaining a work environment that is respectful, safe and inclusive, and where differences in gender identity, age, race, ethnicity, sexual orientation, ability, background, religious or ethical values system and political beliefs or any other category protected by law in the local jurisdiction are embraced and promoted.

Relaying on the governance model of UniCredit, the Group Remuneration Policy sets the framework for a coherent and consistent design, implementation and monitoring of compensation practices across the entire Group.

Within this common policy framework, guidelines are defined to implement compensation programs and plans that reinforce sound risk management policies and the long-term strategy and generally pursue long-term value creation and sustainability of the company. In doing so, the Group effectively meets the specific and evolving needs of the different businesses, market contexts and employee populations while ensuring that business and people strategies are always appropriately aligned with the remuneration approach, including external networks and agents, where applicable, as foreseen by regulation.

To ensure the competitiveness and effectiveness of remuneration as well as transparency and internal equity, the principles of sustainable conduct and performance define the key pillars of the Group Remuneration Policy.

1.1 Remuneration Policy alignment to sustainability strategy

At UniCredit value creation means more than just generating financial value. It also means ensuring sustainability is at the heart of all that the Group does.

In the fourth quarter of 2021, UniCredit announced new ESG targets as part of the long-term commitment to sustainability – part of the Group’s DNA and a key component of the business model of UniCredit.

Creating a more sustainable and equitable future will inform all the Group’s choices: who we partner with; how we mobilise capital; and the projects we operate to support the individuals and communities we serve. Please also refer to the Integrated Report available on the corporate website for further details on the Sustainability Strategy in UniCredit.

The remuneration policy contributes to the UniCredit strategy, the pursuit of long-term interests and the sustainability over time. UniCredit has a remuneration structure in place that is based on risk-adjusted related performance and does not encourage excessive risk-taking, including with respect to sustainability risks.

Further, one of the pillars of the Group Remuneration Policy addresses the sustainable pay for sustainable performance, by maintaining consistency between remuneration and performance, and between rewards and long-term stakeholder value creation, as well as enhancing both the actual result achieved and the means by which they are achieved.

Key Pillars

- Sustainable pay for sustainable performance, by maintaining consistency between remuneration and performance, and between rewards and long-term stakeholder value creation, as well as enhancing both the actual result achieved and the means by which they are achieved.
- Continuous monitoring of long-term strategy and business conduct, by protecting and enhancing our company reputation, as well as avoiding or managing conflicts of interest between roles within the Group or vis-a-vis customers.
- Compliance with regulatory requirements and principles of good business conduct, by protecting and enhancing our company reputation, as well as avoiding or managing conflicts of interest between roles within the Group or vis-a-vis customers.
- Clear and transparent governance, through efficient corporate and organizational governance structures, as well as clear and rigorous governance and rules.
- Motivation, retention and fair treatment of all employees, with particular focus on talents and mission-critical resources.
- Risk management policies and the long-term strategy and generally pursue long-term value creation and sustainability of the company. In doing so, the Group effectively meets the specific and evolving needs of the different businesses, market contexts and employee populations while ensuring that business and people strategies are always appropriately aligned with the remuneration approach, including external networks and agents, where applicable, as foreseen by regulation.

Section I
2022 Group Remuneration Policy and Report - 1. Overview and principles

Section I
2022 Group Remuneration Policy - 1. Overview and principles

Section I
2022 Group Remuneration Policy and Report
In particular, among other, this is characterised by:
• the use of risk-adjusted/related goals (e.g., at least one KPI in the goals card);
• the link with ESG and Diversity, Equity & Inclusion ("DE&I") strategies (e.g., at least one ESG KPI for all GMR, with a particular focus on DE&I KPIs for staff reporting to GEC and their direct reporting line);
• the use of sustainability goals for value creation over time (e.g., about half of the goals shall be related to sustainability);
• the use of goals related to business, corporate values, conduct and compliance/risk culture, with a focus on:
  • being a role model for Group culture, values and purpose;
  • setting the proper tone from the Top on Compliance culture and Risk mindfulness.

For further details, please refer to the paragraphs 5.1 2022 Group Incentive System and 5.2 Performance Management Framework.

**FOCUS**

**Diversity, Equity and Inclusion (DE&I)**

At UniCredit Diversity, Equity and Inclusion are strategic assets for our business, growth, innovation, and performance, acting as an integral part of our corporate culture and fully integrated in our business model. This also helps ensure a more sustainable growth in the long-term and new business opportunities, a strong drive for innovation and creativity, as well as a general improvement of the work climate with positive impact on productivity, well-being, and engagement of our people.

To further promote a culture of inclusion based on equal opportunities and non-discrimination, UniCredit has a dedicated DE&I Global Policy in place that sets clear guidelines and principles for employees as well as third parties. The Policy applies to every key moment of the employee journey, from recruiting and onboarding, to learning and development, performance management and compensation, ensuring bias-free, merit and competency-based decision-making as well as pay equality, regardless of diversity traits.

Within the framework provided by the Group Remuneration Policy, UniCredit is committed to an equal pay principle, ensuring fair treatment and compensation, prevention of risks and equal pay for all gender identities at all levels of the organisation in line with the Group’s undertakings for equal treatment and equal pay for all gender identities at all levels of the organisation in line with the Group’s undertakings for equal treatment and equal pay for all gender identities at all levels of the organisation in line with the Group’s undertakings for equal treatment and equal pay for all gender identities at all levels of the organisation in line with the Group’s undertakings for equal treatment and equal pay for all gender identities at all levels of the organisation in line with the Group’s undertakings for equal treatment and equal pay for all gender identities at all levels of the organisation in line with the Group’s undertakings for equal treatment and equal pay for all gender identities at all levels of the organisation.

By signing the CEO Champion Commitment “Towards the Zero Gender Gap”, the Group is affirming its corporate commitment with concrete objectives and a framework to move towards greater gender equality, diversity and inclusion in our Bank.

UniCredit is committed to promote gender parity across all organisational levels, ensuring balanced gender distribution in talent pools, hiring and recruiting, appointments and promotions, with a wider ethnic representation as well as guaranteeing a diverse and sustainable Succession Pipeline.

The Group has long underscored the importance of gender pay equality and several initiatives have been implemented across the Group to address pay differences, including guidelines for our compensation process, allocation of salary budgets as well as specific ambitions related to DE&I (i.e. promote gender parity across all organisational levels, in talent pools, hiring and recruiting, ensure equal pay for equal work, increase cultural and ethnic diversity in our staff) assigned to senior leaders within the annual goal setting process.

To reach gender pay equality, UniCredit has a defined methodology in place to evaluate and monitor the progress within the Group and to promote a respectful and inclusive culture based on equal treatment and equal pay. This methodology is valid for the whole Group.

The progress towards Group DE&I Ambitions, is reported through the disclosure of relevant data, commitments, and initiatives in the Consolidated Non-Financial Statement (in accordance with the LD 254/2016) according to the GRI standards.

Additionally, since 2017, UniCredit publishes the UK GPG Report as requested by the Gender Pay Gap Regulations in Great Britain.

**ESG - Environmental, Social & Governance**

Sustainability is a key lever for our future business strategies and a critical component of our success. Indeed, we have set ambitious ESG targets as part of the new 2022-2024 Strategic Plan, as the Group continues to progress on its net zero commitments and embed ESG in all areas of the business while strengthening corporate culture under the common purpose to empower our communities to progress.

Our remuneration policy has been developed to support UniCredit’s sustainability strategy. A core set of our ESG targets are embedded in the CEO performance scorecard so as to foster the alignment of management with the Group’s ESG ambitions:
• € 140 billion in “Environmental” volumes (environmental lending), ESG investment products, sustainable bonds) by 2024;
• €10 billion in “Social” volumes (social lending) by 2024;
• Gender parity across our organization, in accordance with Italy G20 Women’s Forum CEO Champion Commitment “Towards the Zero Gender Gap”;
• € 100 million dedicated to ensuring equal pay for equal work by 2024.

These and other ESG commitments, together with other criteria included in the “Strategic Priorities & Culture” values set, will have a weighting of 30% in the CEO’s overall performance evaluation.

So as to align the Group’s management structure and reinforce managerial commitment to our ESG strategy, such objectives will be cascaded to the CEO’s reporting line and below, coherently with the respective areas of responsibility.

**1.2 Employee working conditions, an integral part of the remuneration policy**

UniCredit’s People & Culture Strategy is focused on supporting the continuous development of its people and ensuring a positive working environment where all employees feel engaged and are committed to value creation.

The Welfare offer is based on three key Group pillars, namely Flexibility, Well-being and People Caring, to support colleagues at all stages of their lives. It represents an important solution for our people, even more since the Covid-19 health emergency outbreak, supporting colleagues throughout their personal, family and professional challenges.

Welfare initiatives are locally developed and implemented in order to offer the right answer to each country’s needs and special requirements, while maintaining a central coordination to guarantee respect of the Group Welfare principles and guidelines.

Several tailor-made initiatives to meet fundamental health and family needs have already been established in most countries across the Group. UniCredit supports people with solutions such as flexible work hours and remote working, offering paid leave that respects rapid cultural changes and gives equal treatment to all family models. This paid leave includes maternity, paternity and childcare leaves. It also includes permissions for important life events, such as the birth of a relative, celebrating a marriage or civil partnership, buying a house, and pursuing an educational opportunity.

UniCredit offers a vast selection of healthy lifestyle programs, on topics ranging from nutrition, fitness, relationship-building, and cognitive-emotional issues such as resilience and personal awareness, in addition to our health benefits. Our Welfare is continuing to develop tailored solutions, and as part of our competitive benefits package, we offer a vast selection of Employee Assistance Programs to deal with these unprecedented times, through “Risk for help” services, providing a valuable support for work and personal matters ranging from legal guidance, health counselling and life coaching to solving problems at work and financial advice.

A positive working environment means promoting an environment where everyone can speak up and be listened to. This empowers people to do their best. Specific attention is dedicated to disability management for addressing the specific requirements of colleagues who live with disabilities, promoting their independence, harnessing their skills, and designing ways to foster integration and inclusion.

Social dialogue creates a balance between workers’ needs and business needs through continuation of these initiatives and progress of projects over time. This innovative approach is the basis for Joint Declarations between UniCredit and European Works Council on topics like Equal opportunities and non-discrimination, Responsible Sales and Work-life balance. The Joint Declaration on Remote Work, signed on October 2020, defined the guidelines,
principles, and minimum quality standards for remote work, allowing our Group to extend the opportunities offered by technological advances, enabling new ways of working to support a better work-life balance and a greater efficiency.

Additionally, in 2020 the UniCredit Family Board was established with the aim to coordinate a global action plan to be locally implemented focusing on flexibilities, psycho-physical wellbeing, home-schooling support, and new ways of working.

Actions were diversified and included: home-schooling/work IT infrastructure and furniture partnership extensions; mobility solutions; online resources on sport, entertainment, elderly members of the family, children with disabilities, etc.; support programmes for parents, children and caregivers to increase awareness, change management (e.g. webinars, digital masters); psychological support services; parental leaves.

1.3 Shareholders vote and main changes introduced with the 2022 Group Remuneration Policy

The vote on the remuneration items during the shareholders’ Annual General Meeting held on April 15, 2021 was overall positive, with a limited majority on the 2021 Group Remuneration Policy (4%) compared to the past. While the framework and pillars of the Group Remuneration Policy were broadly unchanged compared to the past, the feedback gathered from shareholders was mainly focused on the new CEO shared-based award for 2021, in particular regarding the disclosure provided and the fact that, although being delivered in shares and deferred, it was not subject to performance conditions.

With regards to such award, shareholders were provided with the rationale behind the proposed structure: as 2021 was a transition year, it was not possible to assign meaningful performance goals to the newly appointed CEO, also given that his mandate was to develop a new strategic plan including relevant KPIs. Furthermore, despite having the regulatory opportunity to grant the award in cash upfront, the Board of Directors resolved to assign a deferred award in shares, thus fulfilling the CEO share ownership requirements of 2x base salary, enhancing the alignment of CEO’s interests with shareholders from day one.

UniCredit has a long-standing engagement process with institutional investors and proxy advisors which aims to share and constructively exchange views on Policy changes. Over the years, this dialogue has enabled us to receive valuable feedback on the compensation approach as well as allowing us to verify the alignment with international best practices and investors’ expectations. In the last quarter of 2021 and first quarter of 2022, UniCredit has proactively intensified its engagement with institutional investors and proxy advisors, with multiple rounds of meetings focused on the new incentive system and on the CEO compensation framework, with the aim of gathering feedback ahead of the new remuneration Policy definition.

The final aim of these diversified Welfare programs is to consolidate UniCredit’s unique identity across the Group as “best place to work” and actively contribute to attracting, engaging and retaining talented people, by carrying on cross-country initiatives to ensure an equal treatment for all employees.

The Welfare offer is an integral part of the total reward for UniCredit colleagues and an important pillar of the People & Culture Strategy. As a recognition of the effectiveness of its People Strategy, UniCredit has been officially certified as a Top Employer in Europe in 2022 for the sixth year running for its employees offering in terms of Work Environment, Talent Acquisition, Learning, Wellbeing and Diversity & Inclusion.

For further details, please refer to the UniCredit Integrated Report available on the institutional website for company welfare information in addition to learning and development plans and initiatives promoting diversity & inclusion.

The 2021 stakeholder dialogue led to several changes which have been introduced in the 2022 Group Remuneration Policy, including:

- management of the 2020-2023 Long-Term Incentive Plan in light of the new Strategic Plan announcement and the launch of the new Group Incentive System to avoid overlap between incentive plans;
- update of the peer group for compensation benchmarking;
- alignment of remuneration policy with latest update of Bank of Italy Circular 285 (37th update of November 24, 2021);

FOCUS

Global Job Model

The Global Job Model is an organizational system that describes, standardizes and calibrates all jobs within UniCredit. Moreover, it supports the management of people and processes at global level in a simple, easy to understand and consistent way. Based on market practice, it is aligned with our business needs.

Global Job Model consists of two key elements: Global Job Catalogue and Global Banding Structure. The latter is made of 9 global bands, the three highest bands are:

- Band 8: Group Chief Executive Officer;
- Band 7: Senior Executive Vice Presidents (SEVP), having responsibility for determining the Group business strategy and a strong influence on it, determining or strongly influencing decisions that will impact on the entire organization and having direct responsibility for a core part of the Group. As a general rule, the SEVPs are first or second reporting lines to the CEO;
- Band 6: Executive Vice Presidents (EVP), having significant influence on defining the strategy of a division/competence line/department or having a strong impact on the results of large/medium large Legal Entities or businesses. As a general rule, the EVPs are first reporting lines to the SEVPs.

On December 31, 2021 the overall Group population is composed of ~78,800 FTEs, of which ~15 Senior Executive Vice Presidents and ~110 Executive Vice Presidents.
The UniCredit compensation governance model aims at ensuring clarity and reliability of remuneration decision-making processes by controlling Group-wide remuneration practices and ensuring that decisions are made in an independent, informed and timely manner at appropriate levels, avoiding conflicts of interest and guaranteeing appropriate disclosure in full respect of the general principles defined by regulators.

2. Governance

2.1 Corporate Bodies and Committees

2.1.1 Role of the Remuneration Committee

In order to foster an efficient information and advisory system to enable the Board of Directors to better assess the topics for which it is responsible, in compliance with the Supervisory Regulations on banks' corporate governance issued by the Bank of Italy and in accordance with the provisions of the Italian Corporate Governance Code (as listed in Italy as “Italian Corporate Governance Code”), the Remuneration Committee has been established by the Board, vested with research, advisory and proposal-making powers.

In particular, the Remuneration Committee is entrusted with the role of providing advice and opinions on the proposals submitted to the Board of Directors regarding the Group remuneration strategy. The Remuneration Committee relies on the support of internal corporate functions, in particular Group People & Culture, Group Risk Management and Group Compliance, respectively for the topics under their scope. In particular, the Group Chief Risk Officer is invited, upon need, to attend Committee meetings to ensure that incentive schemes are appropriately updated to take into account all of the risks that the Bank has taken on, pursuant to methodologies in compliance with those adopted by the Bank in managing risk for regulatory and internal purposes.

Moreover, the Committee vests itself of the support of an external advisor, to ensure that the incentives included in the remuneration and incentive systems are consistent with the Bank’s risk, capital and liquidity management (e.g. regarding the remuneration policy for corporate officers) as well as being constantly updated in light of the market evolution, remuneration dynamics and regulatory developments.

The Remuneration Committee was established in 2000. The members of the Remuneration Committee, which was set up based on the above-mentioned Bank of Italy Supervisory Regulations and also in line with the Italian Corporate Governance Code’s provisions, are all non-executive and the majority of them are independent.

The Committee consists of three non-executive members; the majority of them in its current composition are independent according to the Italian Corporate Governance Code; all the members are independent according to the Section 13 of the Decree issued by the Ministry of Economics and Finance no. 168/2020 and Section 14 of the Italian Legislative Decree n. 58/1998 (the “Consolidated Law on Finance” or “TUF”). The Committee’s tasks are coordinated by the Chair, chosen among them.

All Committee’s members meet the experience requirements, in accordance with current legal and regulatory provisions and ensure that any further corporate offices they hold in other companies or entities (including foreign ones), are compatible with the commitment and availability required to serve as a member of the Committee. Some members have specific technical know-how and experience on financial matters or remuneration policies.

The Committee appoints - on proposal of the Chair - a Secretary who is not a member of the Committee itself. The Secretary supports the Chair of the Committee in the preparation of the meetings and prepares summary minutes of the discussions and decisions taken by the Committee. In addition, the Head of Group People & Culture (or his delegate) attends the Committee meetings and, when necessary based on the topic discussed, the members of senior management team (e.g. the Head of Group Risk Management, the Group Chief Financial Officer or the Head of Internal Audit) may be invited as well.

Moreover, the Committee members regarding whom the Committee is called upon to express its opinion on their remuneration as a result of their specific assignments shall not attend meetings at which the proposal for such remuneration is determined.

The Chair of the Remuneration Committee at the first available meeting informs the Board of Directors about the activities carried out in the meetings by the Committee itself.

The Remuneration Committee shares, at the end of their meetings, the discussed documentation with the Board of Statutory Auditors.

The “standard” topics discussed during the year are:

1st quarter:
- Group Incentive System;
- Report on previous year severance payments;
- Competitive assessment of compensation package for CEO and Executives with Strategic Responsibilities;
- Bonus pool distribution including, if relevant, approval of any capital increase related to previous years incentive plans;
- Share-buy back and/or capital increase to serve incentive plans;
- Evaluation, payout and execution of previous years plans for Executives with Strategic Responsibilities;
- Compensation review for Executives with Strategic Responsibilities;
- Previous year Group Incentive System payout;
- Group Remuneration Policy and Report;

2nd quarter:
- Group Material Risk Takers – assessment methodology and outcomes;

3rd quarter:
- Gender Neutral Remuneration;

4th quarter:
- Local Adaptations to Group Remuneration Policy;
- Previous year Bonus Payout and Group Salary reviews final reporting;
- Emerging trends in Market Compensation Practices and Peer Group review;
- Goal Setting for the upcoming year for Executives with Strategic Responsibilities;
- Preliminary discussion on Bonus pool distribution.

Within the scope of its responsibilities, the Remuneration Committee:

- puts proposals to the Board regarding the remuneration and the performance goals associated with its variable portion, for the members of the Board of Directors, the General Manager, Deputy General Managers, Heads of the Corporate control functions and personnel whose remuneration and incentive systems are decided upon by the Board;
- exercises oversight on the criteria for remunerating the most significant employees, as identified pursuant to the relevant Bank of Italy provisions, as well as on the outcomes of the application of such criteria;
- issues opinions to the Board of Directors on the remuneration policy for Senior Executive Vice Presidents, Executive Vice Presidents and the Senior Vice Presidents;
- issues opinions to the Board of Directors on the Group incentive schemes based on financial instruments;
- issues opinions to the Board of Directors on the remuneration policy for corporate officers (members of Board of Directors, Board of Statutory Auditors and Supervisory Board) at Group companies;
- coordinates the process for identifying Material Risk Takers on an on-going basis;
- directly oversees the correct application of rules regarding the remuneration of the Heads of corporate control functions, working closely with the Board of Statutory Auditors;
- works with the other committees, particularly the Internal Controls & Risks Committee, to verify that the incentives included in compensation and incentive schemes are consistent with the Risk Appetite Framework (RAF), ensuring the involvement of the corporate functions responsible for drafting and monitoring remuneration and incentive policies and practices;
- provides appropriate feedback on its operations to the Board of Directors, Board of Statutory Auditors and the Shareholders’ Meeting;

3. Please consider the timeline and topics as indicative as may vary from year to year in addition, non-essential topics are marked.
4. The Executives with Strategic Responsibilities are those who have the power and responsibility, directly or indirectly, for the planning, directing and controlling the activities of the Company, including the directors (executive or otherwise) of the company itself. For further details on the roles of the Executives with Strategic Responsibilities please refer to paragraph 2.5.
2.1.2 Role of the Internal Controls & Risks Committee

The Internal Controls & Risks Committee supports the Board of Directors on risk management and control-related issues. The Internal Controls & Risks Committee, among the other tasks:

- without prejudice to the competencies of the Remuneration Committee, checks that the incentives underlying the remuneration and incentives goals comply with the law, particularly taking into account risks, capital, and liquidity;
- for the Head of Internal Audit function, issues its opinion on setting the remuneration and the performance goals associated with its variable portion in line with the company policies; and
- is involved, within its specific remit, in the process of identifying Material Risk Takers on an on-going basis.

2.1.3 Role of the Board of Statutory Auditors

Within the “traditional” management and control system UniCredit has adopted, the Board of Statutory Auditors is responsible for overseeing the effective administration of the company. The Board of Statutory Auditors, among the other tasks:

- is consulted with regards to the remuneration of UniCredit’s Directors holding specific roles with a special focus on the remuneration of the CEO and the approval of Group financial instrument-based incentive schemes;
- issues a mandatory opinion on the appointment, dismissal and compensation of the Manager in charge of drafting company financial reports;
- expresses its opinion on decisions regarding the appointment and dismissal of the Heads of corporate control functions.

2.1.4 Role of the Related-Parties Committee

The Committee operates on a consultative and proposition-making basis in support of the Board of Directors. The Committee oversees issues concerning transactions with related parties pursuant to Consob Regulation no. 172/2021 and transactions with associated parties pursuant to Bank of Italy Circular no. 285/2013, carrying out the specific role attributed to independent directors by the aforementioned provisions.

With regard to remuneration in favor of persons qualifying as related parties, it should be noted that the provisions of Consob Regulation 172/2021 and Bank of Italy Circular no. 285/2013 do not apply to:

- shareholders’ resolutions pursuant to art. 2389, paragraph 1 of the Italian Civil Code, relating to the remuneration of members of the Board of Directors, as well as to the resolutions concerning the remuneration of Directors holding specific roles falling within the overall amount previously determined during the Shareholders’ Meeting pursuant to art. 2389, paragraph 3 of the Italian Civil Code;
- shareholders’ resolutions pursuant to art. 2402 of the Italian Civil Code, relating to the remuneration of members of the Board of Statutory Auditors;
- remuneration plans based on financial instruments approved by the Shareholders’ Meeting pursuant to art. 114-bis of Legislative Decree no. 58 of 1998 and their implementation;
- resolutions, other than those referred to art. 2389, paragraph 1 of the Italian Civil Code, relating to the remuneration of the Directors holding specific roles and the other key management personnel provided that: i) UniCredit S.p.A. has adopted a remuneration policy approved by the Shareholders’ Meeting; ii) the Remuneration Committee of UniCredit S.p.A., consisting exclusively of non-executive Directors, the majority of whom are independent, was involved in the definition of the remuneration policy; iii) the remuneration awarded is identified in accordance with this policy and quantified on the basis of criteria that do not involve discretionary assessments.

With regard to remuneration, the Related Parties Committee is involved, for the profiles of its own competence, in the preliminary investigation concerning:

- transactions that do not benefit from the above-mentioned exemptions and/or other applicable exemptions;
- temporary exceptions to the remuneration policy that the Company intends to implement in the presence of exceptional circumstances (see paragraph 2.2).

2.1.5 Role of the Board of Directors

The Board of Directors has exclusive competence on the following matters:

- remunerating UniCredit Directors holding specific roles - after having examined the proposal submitted by the Remuneration Committee and consulted the Board of Statutory Auditors - with a special focus on remuneration of the CEO and approval of Group financial instrument-based incentive schemes;
- determining - after having examined the proposal submitted by the competent committees - the overall remuneration and performance goals associated with the variable portion, for the Heads of corporate control functions, pursuant to criteria and parameters unrelated to Bank performance, as well as for the Executives with Strategic responsibilities;
- establishing the remuneration of the Manager in charge of drafting company financial reports;
- approving Group incentive schemes based on financial instruments;
- approving the process for identifying material risk takers and related outcomes, on an on-going basis.

Furthermore, the Board of Directors, also on the basis of the details provided by the Remuneration Committee, resolves on:

- drawing up remuneration and incentives policies for submission to the Shareholders’ Meeting, checking their correct implementation and seeing to their review at least annually; moreover, ensuring its adequate documentation and accessibility within the corporate structure;
- defining remuneration and performance goals associated with its variable portion for the members of the Board of Directors, the General Managers and Deputy General Managers (when appointed), Heads of corporate control functions, as well as for the personnel whose remuneration and incentive systems are decided upon by the Board itself, including also the Senior Executive Vice Presidents, Executive Vice Presidents and Senior Vice Presidents, ensuring that these systems are consistent with the Bank’s overall choices in terms of risk-taking, strategies, long-term targets, corporate governance structure and internal controls;
- defining remuneration policies for corporate officers (members of Boards of Directors, Boards of Statutory Auditors and Supervisory Boards) in Group companies.

2.1.6 Role of the Shareholders’ Meeting

The Shareholders’ Meeting, besides establishing the remuneration of members of the bodies it has appointed, approves, among others:

- the remuneration and incentive policies for the members of the supervisory, management and control bodies as well as for the rest of employees;
- the remuneration report disclosing relevant Group compensation-related information and methodologies (advisory vote);
- equity-based compensation schemes;
- the capital increase and/or share buy-back at the service of equity-based compensation schemes;
- the criteria to determine the compensation to be granted in the event of early termination of employment or early retirement from office including the limits set for said compensation in terms of number of years of fixed remuneration as well as the maximum amount deriving from their application.

Furthermore, the Shareholders’ Meeting can exercise, on the occasion of the remuneration policies’ approval, the faculty to determine a ratio of variable to fixed remuneration of employees higher than 2:1, but in any case not exceeding the ratio of 2:1 being understood that the proposal shall be recognized as validly approved with the appropriate shareholder representation and voting majority.

2.2 Definition of the Group Remuneration Policy

On an annual basis, the Group Remuneration Policy, as proposed by the Remuneration Committee, is defined by the Board of Directors, and then presented to the shareholders’ Annual General Meeting for approval, in line with regulatory requirements.

In particular, the Group Remuneration Policy is drawn up by the Group People & Culture function with the involvement of the Group Risk Management and other relevant functions (e.g. Group CFO) and is validated by the Group Compliance function for all compliance-related aspects, before being submitted to the Remuneration Committee. Once approved at the UniCredit Annual General Meeting, the Group Remuneration Policy is formally adopted by competent bodies in the relevant Legal Entities across the Group in accordance with applicable local legal and regulatory requirements.

The principles of the Group Remuneration Policy are valid across the entire organization and shall be reflected in the remuneration practices applying to employee categories across businesses, including staff belonging to external distribution networks, considering their remuneration peculiarities.

With specific reference to Group Material Risk Takers, the Group People & Culture function establishes guidelines and coordinates a centralized and consistent management of compensation and incentive systems.

In compliance with Group Remuneration Policy and local regulation, Legal Entities, countries and divisions apply compensation framework for all employees.

Furthermore, the elements of the Policy are fully applied across the entire Material Risk Taker population, with local adaptations based on specific regulations and/or business specifics, consistent with the overall Group approach.
2.3 Role of the Corporate Control Functions

2.3.1 Role of the Compliance Function

The Compliance function operates in close coordination with the People & Culture function, in order to support the design and the definition of compensation policy and processes according to regulations and regulatory requests. In particular, the Compliance function, through its structures, evaluates, in coherence with the goal to be compliant to regulations, the Group Remuneration Policy and the incentive systems for Group personnel as drawn up by People & Culture function. It provides input for the design - by People & Culture functions - of compliant incentive systems, as far as it is concerned.

The Group Incentive System for Material Risk Takers is defined by Group People & Culture function, with the involvement of Group Legal and Compliance, in order to guarantee a common standard approach at Group level.

2.3.2 Role of the Risk Management Function

UniCredit ensures alignment between remuneration and risk through policies that support risk management, rigorous governance processes based on informed decisions taken by corporate bodies and other code of ethics or other standards of conduct applicable to the bank, so that legal and reputational risks mostly embedded in the relationship with customers are duly contained (v. f. Bank of Italy).

The Compliance function is also involved in the assessment process for the definition of the Material Risk Taker population, for all compliance-related aspects. In accordance with the regulatory framework and the UniCredit governance, the guidelines for the definition of the incentive systems for non-Material Risk Taker population are arranged by Group People & Culture function, in collaboration with Group Compliance function. At local level, the People & Culture structures define the detailed features of incentive systems and submit them to the reference Compliance structures.

2.3.3 Role of the Internal Audit Function

UniCredit provides information on any derogation to the remuneration policy applied in exceptional circumstances within Section II Remuneration Report, in the following year.

As provided for by Legislative Decree 49/2009, which transposed the Shareholders Rights Directive II into the legal system by amending the TUF, in force since June 2019, UniCredit may, in exceptional circumstances, temporarily derogate from the remuneration policy. Exceptional circumstances shall cover situations that can be traced back to the general cases provided for by art. 123 ter of TUF, namely in which the derogation from the remuneration policy is necessary to serve the long-term interests and sustainability of the company as a whole or to assure its viability.

In the event of such exceptional circumstances, the Board of Directors, as proposed by the Remuneration Committee and subject to reasoned favorable opinion by the Related Parties Committee (issued in accordance with the Global Policy on transactions with related parties, associated persons and corporate officers pursuant to art. 136 TUF, irrespective of whether there is an exemption under the Global Policy in this case), may resolve on specific temporary derogations, without prejudice to compliance with legal and regulatory constraints, limited to the contents of the Remuneration Policy related to: (i) the reference pay-ratio for CEO, General Manager and Executives with Strategic Responsibilities, (ii) the reference peer group, (iii) the economic parameters of the Group Incentive System and the Group Long-Term Incentive Plan.

This process is internally defined through specific guidelines issued by Group People & Culture function, with the involvement of Group Risk Management and Group Compliance, in order to guarantee a common standard approach at Group level.

2.4 Material Risk Takers identification process

The Material Risk Taker population (i.e. those categories of staff whose professional activities have a material impact on an institution’s risk profile) is annually reviewed and on an ongoing basis considering a structured and formalized assessment process both at Group and local level, according to the regulatory requirements related to qualitative and quantitative criteria defined by CRD V and EBA Regulatory Technical Standards (RTS).

This process is internally defined through specific guidelines issued by Group People & Culture function, with the involvement of Group Risk Management and Group Compliance, in order to guarantee a common standard approach at Group level.

2.4.1 Process

Starting from 2010, UniCredit has regularly conducted a self-evaluation to define the Group Material Risk Takers population to whom, according to internal/external regulations, specific criteria for remuneration and incentive requirements are adopted.

Since 2014, UniCredit Group has a Material Risk Takers identification process following the Commission Delegated Regulation (EU) 684/2014. Since 2019, as foreseen by Bank of Italy Circular 285, Material Risk Takers identification process is an integral part of the Group Remuneration Policy and Report. Starting from 2021, UniCredit adopts the identification process defined in CRD V and in the new EBA RTS regulatory provisions.

The Material Risk Takers identification process is performed annually, on an ongoing basis, at both local and group level, and it also considers Agents involved in financial activities, Insurance Agents and Financial Advisors.

This Policy regulates the Material Risk Takers identification process and defines the roles and responsibilities of involved functions. In particular:

- People & Culture leads the identification process defining a consistent approach at Group level through specific guidelines;
- Risk Management leads the identification process of positions with material impact on an institution’s risk profile of a material business unit;
- Compliance verifies the proper application of what is envisaged by Regulatory Technical Standards, Group Material Risk Takers Internal Guidelines and specific regulation.

Group Legal Entities are actively involved in the identification process of Material Risk Takers coordinated by UniCredit S.p.A., sharing with the Holding Company all necessary information as per received indications.

Specifically, the Group Legal Entities are obliged to identify Material Risk Takers on an individual basis, in compliance with the local or sector-specific regulations, and will adopt the same Group criteria applied at local level following operational and interpretative guidelines issued by the Group, which ensure the overall consistency of the identification process Group wide. In any event, each Legal Entity is responsible for compliance with the provisions directly applicable to them.

The Holding Company, considering the outcomes of the evaluation performed by the various entities as specified above, consolidates results with the goal to identify Group Material Risk Takers.

Subsequently, Group People & Culture together with Group Risk Management, after data consolidation and harmonisation, presents documentation to the Group Internal Controls and Risks Committee and to the Remuneration Committee for discussion and finally submits for approval to the Group Board of Directors:

- the methodology5 and evaluation process for Material Risk Takers both at Group and local level;
- the outcomes of the evaluation process;
- the possible exclusion of “high earners” from Group Material Risk Takers.

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5. To be presented by end of June 2022 by UniCredit S.p.A. Internal Controls & Risks Committee, Remuneration Committee and Board of Directors.
Indeed, at the end of the evaluation process, if UniCredit determines that some individuals identified under quantitative criteria could not be considered as Material Risk Takers, it activates the process for exclusion, involving, where requested, competent authorities. In particular, UniCredit transmits to the European Central Bank or the Bank of Italy timely, and in any case within six months of the previous financial year closing, the request for authorization for personnel with total remuneration amount equal or higher than € 750,000 or within the 0.3% of the personnel which was awarded the highest total remuneration in the previous financial year. Furthermore, the institution informs the European Central Bank or the Bank of Italy of any Legal Entity/Division with an allocated Internal Capital based on proxies equal or greater than 2% at Group level; or material impact on Material Business Units (the notification is no more requested).

The identified personnel within the Material Risk Takers perimeter is informed through individual written notice.

People & Culture, Risk Management and Compliance repeat the process of evaluation throughout the year with the goal to update the list of Material Risk Takers based on specific events occurring during the year (e.g. appointment, hiring, organizational changes and any other relevant event), ensuring the process is performed continuously and that the re-evaluation of the Material Risk Takers perimeter is submitted to the Group Board of Directors, within the annual Group Remuneration Policy & Report.

2.4.2 Criteria

CRD V and EBA RTS set the regulatory standards concerning qualitative and quantitative criteria to identify categories of staff whose professional activities have a material impact on an institution’s risk profile (so called Material Risk Takers). The identification process is based on the Material Business Unit (MBU) definition that, for consolidation purposes at Group level, is calculated as:

- any Legal Entity/Division with an allocated Internal Capital equal or greater than 2% of Group Internal Capital;
- organizational units within a Legal Entity with an allocated capital based on proxies equal or greater than 2% at Group level;
- core business lines.

Additionally, criteria (here below simplified) are distinguished in:

- qualitative:
  - all members of the management body and senior management (i.e. those who exercise executive functions within an institution and who are responsible, and accountable to the management body, for the day-to-day management of the institution);

- quantitative:
  - staff members with managerial responsibility over the institution’s control functions (Internal Audit, Risk Management, Compliance and other functions as locally defined) or material business units or for specific topics (e.g. accounting policies, finance, human resources);
  - staff members with managerial responsibilities for specific risk categories, including voting members within relevant Committees, credit risk exposures, authority on certain transactions and authority on the introduction of new products;
  - staff members entitled to significant total remuneration equal to or greater than € 500,000 and equal to or greater than the average remuneration awarded to the members of the institution’s management body and senior management, having a significant impact on the MBU’s risk profile (i.e. when Credit, Market or Operational RWA proxy is equal or above the 2% of the Institution/Group);
  - staff member has been awarded in the preceding financial year a total remuneration that is equal to or greater than € 750,000;
  - staff member is within the 0.3% of staff who have been awarded the highest total remuneration in the preceding financial year within an institution with over 1,000 members of staff (for individual identification purposes at Legal Entity level only);

- internal:
  - all personnel awarded in the previous year a Total remuneration higher than Group defined thresholds;
  - all staff receiving UniCredit shares from Non Standard Compensation awards;
  - all Group personnel with a certain banding level according to the internal role clustering system adopted by the Group;
  - all incumbent with any other additional criteria linked to managerial decision, to be supported by rationale.

The Material Risk Taker identification process is performed at Legal Entity level using the above qualitative, quantitative and internal criteria assessed against the institution’s individual risk profile and then consolidated at Group level, applying similar criteria that are assessed against the Group risk profile, as foreseen by the regulatory requirements.

2.4.3 Preliminary results of the identification process

The 2022 Material Risk Taker population was updated at the beginning of the year based on preliminary application of the new regulatory framework.

In February 2022, the preliminary result of the assessment process to define the Group Material Risk Taker (GMRT) population was broadly in line with the one of last year.

2.5 Compensation to Directors, Statutory Auditors and Executives with Strategic Responsibilities

The remuneration for members of the administrative and controlling bodies of UniCredit is represented only by a fixed component, determined on the basis of the relevance of the position and the time required for the performance of the responsibilities assigned. This policy applies to non-Executive Directors as well as Statutory Auditors. The compensation paid to non-Executive Directors and Statutory Auditors is not linked to the economic results achieved by UniCredit and such persons do not take part in any incentive plans based on stock options or, generally, based on financial instruments. The remuneration policy for members of the corporate bodies of the Group Legal Entities is based on the same principles, consistently with the local regulatory requirements.

> Board of Directors

Pursuant to Clause 20 of the UniCredit’s Articles of Association, the ordinary Shareholders’ Meeting convened for the approval of the accounts relating to the last financial year of the outgoing Board of Directors is required to appoint the new Board of Directors for the next three financial years. In accordance with UniCredit’s Articles of Association, the outgoing Board of Directors presented its list of candidates for the renewal of the body with supervisory functions at the Shareholders’ Meeting called for April 15, 2021, together with a proposal on the remuneration of the new Board of Directors and its Committees.

During the end of 2020 and the beginning of 2021, the Group People & Culture and Group Corporate Affairs supported the Remuneration Committee and more generally the Board of Directors in the drafting of a proposal to revise the remuneration for the new Board of Directors to be submitted to the Shareholders’ Meeting of April 15, 2021, including attendance fees for participation in meetings of the Board and its Committees.

In drafting the proposal for the remuneration of the members of the administrative body, the following elements were considered, among others:

- the reduction of the number of Directors;
- market benchmark data - provided by a leading independent consultant, Willis Towers Watson - relating to the remuneration of members of the Board of Directors and Board Committees in the so-called “peer group” and in the major financial services companies in the FTSE MIB;
- the commitment required in relation to the activities of the Individual Committees, in terms of time commitment (average duration of meetings) and scope of activities.

The Shareholders’ Meeting of April 15, 2021, resolved in favour of the new Board of Directors list presented by the outgoing Board of Directors as well as of the Board and its Committees’ remuneration. No remuneration review is foreseen for 2022.

> Board of Statutory Auditors

Pursuant to Clause 30 of the Company’s Articles of Association, the ordinary Shareholders’ Meeting is required to appoint five permanent Statutory Auditors, amongst whom the Chairman, and four substitute Statutory Auditors, ensuring the balance between genders. The appointed Auditors remain in office for three financial years with the term expiring on the date of the Shareholders’ Meeting called to approve the financial statements for the third financial year of their office.
Contextually, in addition to the appointment, the Shareholders’ Meeting is called to determine also the annual remuneration due to the permanent members of the Board of Statutory Auditors for their entire term of office. The remuneration proposal can be brought forward to the Shareholders’ Meeting by any Shareholder.

In light of the Board of Statutory Auditors term expiry, the Shareholders’ Meeting of April 8, 2022 is called to resolve on the appointment of the new Board of Statutory Auditors as well as on their remuneration.

CEO and Executives with Strategic Responsibilities

The Board of Directors also identifies the “Executives with Strategic Responsibilities” with own resolution, for the application of all related corporate and regulatory rules and provisions.

The definition of Executives with Strategic Responsibilities was updated on October 12, 2021 to reflect the new top management composition and to optimize the governance framework. As such, under the new definition, Executives with Strategic Responsibilities include the GEC members — excluding the members of the CEO Office (Head of Group Strategic & Optimization and Head of Group Stakeholder Engagement) — and the Chief Audit Executive. Therefore, at the beginning of 2022, the aggregate of Executives with Strategic Responsibilities is composed as follows: Group CEO, Head of Italy, Head of Germany, Head of Central Europe, Head of Eastern Europe, Head of Client Solutions, Chief Financial Officer, Group People & Culture Officer, Group Digital & Information Officer, Group Operating Officer, Group Risk Officer, Group Compliance Officer, Group Legal Officer, Chief Audit Executive.

In line with the 2022 Group Remuneration Policy, the CEO and the other Executives with Strategic Responsibilities remuneration framework is based on a total compensation set at individual levels on the basis of market data, role, seniority, need to retain or attract the best-in-class talents, individual performance and UniCredit’s overall performance over time.

Based on the incentive systems in place, for the CEO and the other Executives with Strategic Responsibilities the 2022 reference variable remuneration split considering the maximum achievement of variable remuneration is represented in the following summary.

### 2022 reference pay-mix for the Executives with Strategic Responsibilities

<table>
<thead>
<tr>
<th>Category</th>
<th>Fixed &amp; Variable Remuneration Split</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Chief Executive Officer</strong></td>
<td>200%</td>
</tr>
<tr>
<td><strong>Business Functions</strong></td>
<td>200%</td>
</tr>
<tr>
<td><strong>Corporate Control Functions</strong></td>
<td>33%</td>
</tr>
<tr>
<td><strong>Others</strong></td>
<td>100%</td>
</tr>
</tbody>
</table>

**FOCUS**

The members of the administrative and control bodies as well as the Executives with Strategic Responsibilities benefit from a specific civil liability insurance policy, the “Directors & Officers Policy”, also known as D&O Policy. For the Directors and the Statutory Auditors, this benefit is approved by the Shareholders’ Meeting.

The Chairman of the Board of Directors is entitled to life and permanent disability insurance coverage resulting from injury occurring under any circumstances. The Directors, Statutory Auditors and the Secretary of the Board of Directors benefit from life and permanent disability insurance coverage resulting from injury arising from accidents that occurred while performing the specific duties of the position.

The Executives with Strategic Responsibilities benefit from the company treatment, provided for the Dirigenti population, relating to health care and life and permanent disability cover resulting from both injury and illness, in line with the band to which they belong under the Global Job Model. In addition, they benefit from an insurance coverage that provides for the settlement in favour of UniCredit of the residual debt, up to a certain cap, of the first home mortgage under the conditions provided for Group personnel in the event of death.

Any benefits provided on an “ad personam” basis shall be managed in compliance with applicable regulations.
3. Compliance and Sustainability Drivers

To support the design of remuneration and incentive systems, with particular reference to network roles (also including credit intermediaries) and Corporate Control Functions, the following "compliance and sustainability drivers" have been defined, in line with the applicable regulation:

» Remuneration general principles

• Maintain an adequate balance of fixed and variable compensation elements also with due regard to the role and the nature of the business performed. The fixed portion is maintained sufficiently high in order to allow the variable part to decrease, and in some extreme cases to drop down to zero;

• set an appropriate mix between short- and long-term variable compensation, consistent with the strategies, market and business practices of reference and in line with the long-term interests of the Group;

• foresee that the remuneration policy, with specific reference to variable remuneration, should contribute to the business strategy, long-term interest and sustainability of the company and should not be linked entirely or mainly to short-term objectives;

• include in the remuneration policies information on how those policies are consistent with the integration of sustainability risks;

• provide that the Group remuneration policies and practices are gender neutral and support the equal treatment of staff of different genders;

• incorporate control systems on promotion and compensation processes to monitor compliance with relevant Anti-Bribery and Corruption policies.

» Incentive Systems

• Build incentive systems based on profitability, financial stability, sustainability and other drivers of sustainable business practice with particular reference to risk, cost of capital and efficiency;

• design flexible incentive systems to set maximum payout levels in consideration of overall Group, Country/division performance results and individual achievements, adopting a meritocratic approach to selective performance-based reward;

• design incentive systems which do not, in any way, induce risk-taking behaviours in excess of the Group’s strategic risk appetite; in particular the incentive systems should be coherent to the Risk Appetite Framework ("RAF");

• design forward-looking incentive plans which balance internal key value driver achievements with external measures of value creation relative to the market;

• design incentive systems to set minimum performance thresholds below which zero bonus will be paid. In order to maintain the adequate independence levels for Corporate Control Functions, for Human Resources and the Manager in Charge of Drafting the Company Financial Reports, provide a maximum threshold for the progressive reduction of the bonus pool, which can be phased out to zero only in presence of exceptionally negative situations with an approval process including a governance step by the Board of Directors;

• subject the remuneration to correction mechanisms that allow it to be reduced (even significantly) or zeroed, for example in the case of behaviours, by relevant persons or credit intermediaries, that have caused or contributed to significant damage to customers or a significant breach of the rules contained in Title VI of the TUII, the relevant implementing provisions or Codes of Ethics or Conduct for the protection of customers applicable to the intermediary.

» Goals and performance management

• maintain an adequate mix of economic and non-economic (quantitative and qualitative) goals, depending on the role, considering also other performance measures as appropriate, for example risk management, adherence to Group values or other behaviours;

• accompany the qualitative measures by an ex-ante indication of objective parameters to be considered in the evaluation, the descriptions of expected performance and the person in charge for the evaluation;

• relate the non-economic quantitative measures to an area for which the employee perceives a direct link between his/her performance and the trend of the indicator;

• include among the non-economic goals (quantitative and qualitative), where relevant, goals related to customer loyalty and level of satisfaction, risk as well as to compliance (e.g. credit quality, operational risks, application of MiFID principles, products sales quality, respect of the customer, Anti-Money Laundering requirements fulfilment);

• set and communicate ex-ante clear and pre-defined parameters of drivers for individual performance;

• avoid incentives with excessively short timeframes (e.g. less than three months);

• promote a customer-centric approach which places customer needs and satisfaction at the forefront and which will not constitute an incentive to sell unsuitable products to clients;

• take into account, even in remuneration systems of the external networks (financial advisors), the principles of fairness in relation with customers, management of legal and reputational risks, protection and loyalty of customers, compliance with the provisions of law, regulatory requirements, and applicable self-regulations;

• create incentives that are appropriate in avoiding potential conflicts of interest with customers and in terms of market manipulation, considering fairness in dealing with customers and the endorsement of appropriate business conduct and usage of privileged information (e.g. benchmark contributions);

• consider performance on the basis of annual achievements and their impact over time;

• include elements which reflect the impact of individual/subunities’ return on the overall value of related business groups and organization as a whole;

• avoid bonuses linked to economic results for Corporate Control Functions, for Human Resources and Manager in Charge of Drafting the Company Financial Reports and set, for the employees in these functions, individual goals that shall reflect primarily the performance of their own function and that will be independent of the results of monitored areas, in order to avoid conflict of interest;

• recommend the approach for Corporate Control Functions also where possible conflicts may arise due to the function’s activities. In particular, this is the case for functions (if any) performing only control activities pursuant to internal/external regulations such as in some structures in Accounting/Tax structures;

• ensure independence between front and back office functions in order to guarantee the effectiveness of cross-checks and avoid conflict of interest, with a particular focus on trading activities, as well as ensuring the appropriate independence levels for the functions performing control activities;

• define incentives not only based on financial parameters for personnel providing investment services and activities, but also taking into account the qualitative aspects of the performance, in order to avoid potential conflicts of interest in the relationship with customers;

• avoid incentives on a single product or financial instrument or specific categories of financial instruments, as well as single banking/insurance product;

• avoid an incentive for the joint selling of the optional contract and the financing, as opposed to the sale of the financing alone, where the contract offered in conjunction with the financing is optional;

• promote prudent growth (credit growth and appropriate risk-taking behavior, and not encourage excessive risk-taking); variable remuneration of the staff involved in credit granting;

• is linked, among others, to the long-term quality of credit exposures;

• includes, in terms of performance objectives and targets, credit quality metrics and in line with credit risk appetite;

• define, for Commercial Network Roles, goals that include quality/sustainability drivers of the products sold, in line with client risk profile. Particular attention shall be paid to the provision of non-economic goals for customer facing selling roles covered by MiFID. For these employees, the incentives must be defined in a way to prioritize customer loyalty and satisfaction and at the same time avoid potential conflicts of interest towards them;

• for the staff responsible for handling complaints, foresee indicators taking into account, among other things, the results achieved in handling complaints and the quality of customer relations;

• indicate clearly within all rewarding system communication and reporting phases that the final evaluation of the employee achievements will also rely, according to local requirements on qualitative criteria such as the adherence to compliance and Code of conduct principles;

• put in writing, document and make available for the scrutiny of independent checks and controls the entire evaluation process;

• define and test the evaluation parameters, for those cases where individual performance evaluation systems are fully or partially focused on a managerial discretion approach. These parameters should be predetermined, clear and documented to the manager in due time for the evaluation period. Such parameters should reflect all applicable regulation requirements (including the balance between quantitative and qualitative parameters). The results of managerial discretion evaluation should be formalized for the adequate and predefined monitoring process by the proper functions and an appropriate repository should be created and maintained (e.g. inspections/requests from the Authorities);

• do not link goals, for research management and analytics, to any financial transactions or revenues of single business areas, but for example consider linking them to the quality and accuracy of their reports.
Drivers for Commercial Campaigns and for Infra year bonus

Within network roles incentive systems, particular attention is paid to "Commercial Campaigns" and "Infra year bonus", which may be organized after receiving an opinion on the admissibility from the competent Committee (e.g. Product Committee). They represent business actions aimed at providing guidance to the sales network towards the achievement of the period's commercial targets (also intermediate, for instance on a half-year basis) and with a direct impact on the budget and related incentive systems.

Among the distinctive features of the commercial campaigns and of the infra year bonus, there is the expectation of the award - in cash or non-monetary reward. Commercial Campaigns and Infra year bonus can also help the function to accelerate the achievement of certain objectives of the incentive systems. The grant of awards must be subordinated to behaviours compliant with the external and internal regulations.

Under no circumstances may the system of remuneration and evaluation of the sales network employees constitute an incentive to sell products unsuitable to the financial needs of the clients. In particular, the following "compliance and sustainability drivers" have been defined:

- set-up of the incentive mechanisms using criteria which are consistent with the best interest of the client, and which avoid in any case conditions of potential conflicts of interest with customers, and coherently with relevant regulatory provisions (e.g. MiFID, EBA Guidelines on the sale of banking products and services);
- ensure consistency between the Campaign's objectives with the objectives set when defining the budget and when assigning targets to the sales network;
- avoid Commercial Campaigns on a single financial or banking product/financial instrument;
- include clauses for zero bonus in circumstances of non-compliant behaviour or qualified disciplinary actions;
- avoid Campaigns which - not being grounded on objective and customer interests related basis - may directly or indirectly lead to breaching the rules of conduct regarding clients;
- avoid Campaigns lacking a clear indication of the targets and of the maximum level of incentive to be granted for achieving those targets;
- avoid, in general, Campaigns related to specific commercial objectives that provide benefits for higher hierarchical levels or to the budget of the Higher territorial structure.

The remuneration policies drawn up in accordance with the Transparency regulation\(^1\) include an indication of the number of relevant persons and credit intermediaries to whom they apply, as well as the role and functions held by them.

The indication of the role and functions of relevant persons is provided by area of activity, without prejudice to the distinction between persons who offer products directly to customers and persons to whom they report hierarchically.

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\(^1\) Bank of Italy "Transparency of banking and financial transactions and services - Fairness of relations between intermediaries and clients".
4. Compensation Framework

Within the framework provided by the Group Remuneration Policy, UniCredit is committed to ensuring fair treatment in terms of compensation and benefits regardless of gender identity, age, race, ethnicity, sexual orientation, ability, background, religious or other values, systems and political beliefs or any other category protected by law in the local jurisdiction.

The total compensation approach of UniCredit provides for a balanced package of fixed and variable, monetary and non-monetary elements, each designed to impact in a specific manner the motivation and retention of employees.

In line with the applicable regulations, particular attention is paid to avoiding incentive elements in variable compensation which may induce behaviours not aligned with the company’s sustainable business results and risk appetite.

As a policy target, Material Risk Takers total compensation is set on the market median as reference, with the possibility to increase to attract and retain top-class talents, able to improve UniCredit’s competitive position, with individual positioning being defined on the basis of specific performance, potential and people strategy decisions, as well as UniCredit’s performance over time.

With particular reference to the Material Risk Taker population, the Board of Directors, on the basis of the proposal made by the Remuneration Committee, establishes the compensation structure for top positions, defining the mix of fixed and variable compensation elements, consistent with market trends and internal analysis performed.

Moreover, the Board of Directors annually approves the criteria and the features of the incentive plans for Material Risk Takers, ensuring the appropriate balance of variable reward opportunities within the pay-mix structure.

Remuneration can be either:
- fixed (e.g. salary) or
- variable (e.g. short-term incentives, long-term incentives).

Within this section details are provided also with regards to the following topics:
- continuous Monitoring of Market Trends and Practices;
- ratio between variable and fixed compensation;
- share ownership guidelines.

Additionally, according to their peculiarities, further remuneration components can be classified as fixed or variable remuneration as described in this chapter and in line with regulatory framework and more precisely:
- non-standard compensation;
- benefits;
- severance.

4.1 Continuous Monitoring of Market Trends and Practices

At Group level, UniCredit analyzes the overall compensation trends of the market through a continuous benchmarking activity, in order to make informed decisions and adopt competitive reward structures for effective retention and motivation of the key resources.

With specific reference to the executives of the Group, an independent external advisor supports the Remuneration Committee in the definition of the direct competitors that represent the international group-level peers of UniCredit (peer group) with regards to whom compensation benchmarking analysis is performed on market trends, practices and compensation levels.

The peer group is defined by the Remuneration Committee considering the main European competitors in terms of market capitalization, total assets, business scope and dimension.

At country/divisional level and as appropriate throughout the organization, benchmarking and trends analysis may be conducted considering relevant peer groups to assure competitive alignment with the market of reference.

The peer group is subject to annual review to assure its market representativeness.

For 2022, following a review with the support of an analysis conducted by the Remuneration Committee’s advisor, and with aim of better alignment to UniCredit’s strategic positioning, the European peer group has been updated to include: Banco Santander, Barclays, BBVA, Commerzbank, Credit Agricole, Deutsche Bank, Erste Bank, ING, Intesa Sanpaolo, Nordea Bank, Société Générale and UBS.

4.2 Fixed compensation

» Definition and objective

Fixed remuneration is the part of remuneration that is stable and irrevocable, determined and given based on pre-defined and not discretionary criteria, such as the professional experience, responsibility and seniority level. It does not create an incentive to risk taking and it does not depend on the bank’s performance. Fixed remuneration includes, for example, base salary, Role Based Allowance, certain packages related to expatriate status and other fixed components assigned on the basis of standard roles.

Base salary is defined on the basis of the specific business pertaining to each individual as well as the skills and competencies that the individual brings to the Group. The weight of the fixed compensation component is sufficient to reward the activity performed even in case the variable part of the remuneration package was not paid due to non-achievement of performance goals, in order to reduce the risk of excessively risk-oriented behaviours, to discourage initiatives focused on short-term results and to allow a flexible bonus approach.

» Features

Specific pay mix guidelines for the weight of fixed versus variable compensation are defined with respect to each target employee population. With particular reference to the executives of the Group, the UniCredit Remuneration Committee establishes:
- the criteria and guidelines to perform market benchmarking analysis for each position in terms of compensation levels and pay-mix structure, including the definition of specific peer groups at Group, country/divisional level and the list of preferred external “executive compensation providers”;
- the positioning of compensation, in line with relevant market’s competitive levels, defining operational guidelines to perform single remuneration reviews as necessary.

4.3 Variable compensation

» Definition and objective

Variable compensation includes any payments that depend on performance, independently from how it is measured (profitability/revenues/other goals) or on other parameters. It includes, for example, discretionary pension benefits and mutually agreed payments between the bank and its personnel in case of early termination of the employment relationship or office (excluding the statutory deferred payments and the indemnity in lieu of notice) and the carried interests, entry bonus, special award, retention bonus, stability pact and non-competition agreement. Additionally, it is any other form of remuneration that does not specifically qualify as fixed remuneration.

Variable compensation aims to remunerate achievements by directly linking pay to performance outcomes in the short, medium and long-term. This is then risk-adjusted. To strengthen the alignment of shareholders’ interest and the interests of management and employees, performance measurement reflects the actual results of the Company overall, the business unit of reference and the individual. As such, variable compensation constitutes a mechanism of meritocratic differentiation and selectivity.

» Features

Adequate ranges and managerial flexibility in performance-based payouts are an inherent characteristic of well-managed, accountable and sustainable variable compensation, which may be awarded via mechanisms differing by time horizon and typology of reward.

Incentives remunerate the achievement of performance objectives, both quantitative and qualitative, by providing for a variable bonus payment. An appropriately balanced performance-based compensation element is encouraged for all employee categories, as a key driver of motivation and alignment with organizational goals and is set as a policy requirement for all business roles. The design features, including performance measures and pay mechanisms, avoid an excessive short-term focus by reflecting the principles of the policy, focusing on parameters linked to profitability and sound risk management, in order to guarantee sustainable performance in the medium and long-term. In alignment with the overall mission, the characteristics of incentive systems also reflect the requirements of specialized businesses.

More information on the compliance and sustainability drivers related to the design of remuneration and incentive systems, with particular reference to network roles and Corporate Control Functions, are reported in the dedicated section.

With particular reference to trading roles and activities, organizational governance and processes as well as risk-management practices provide the structure for a compliant and sound approach, whereby levels of risk assumed are defined and monitored centrally by the relevant Group functions. This structure reinforces the consistent remuneration approach which adopts performance measures based
4.3.1 Short-Term Remuneration

Short-term remuneration aims to attract, motivate and retain strategic resources and to maintain full alignment with the latest national and international regulatory requirements and with best market practices.

Payout is based on a bonus pool approach providing for a comprehensive performance measurement at individual and at Group/ Country/division level. Reward is directly linked to performance, which is evaluated based on results achieved and on the alignment with the leadership model and values of UniCredit. Performance management for Group/Material Risk Takers is managed according to central governance ensuring fair and coherent appraisal process across the organization, leveraging on a unique repository at Group/level.

For Material Risk Takers, the payout is partially deferred to fit an appropriate risk time horizon. The design features of incentive plans for Material Risk Takers are aligned with shareholder interests and long-term, firm-wide profitability, providing for an appropriate allocation of performance related incentives in cash and in shares, upfront and deferred.

The short-term remuneration for Group Material Risk Takers population is regulated under the Group Incentive System, as described in the Group Remuneration Policy.

Additionally, local incentive systems (e.g. commercial campaigns, incentive systems for local Material Risk Takers) may exist, following the principles included in this Policy, and described within local regulations.

Each year, detailed information about our compensation governance, key figures and the features of Group incentive systems is fully disclosed in the Group Remuneration Policy.

4.3.2 Long-Term Remuneration

Long-term remuneration aims to strengthen the link between variable compensation and Company results and further align the interests of senior management and shareholders.

The long-term remuneration envisages:

- adjustment of part of the short-term remuneration based on the achievement of specific performance conditions and allocation of such remuneration mostly based on shares or other instruments reflecting the trend of the shares;
- multi-year targets consistent with UniCredit strategic targets;
- additional performance conditions to enhance long-term sustainability of results;
- multi-year deferral with the application of Zero factor conditions, which provides for minimum requirements related to profitability, liquidity and capital;
- the application of a holding period of the actual awards after the deferral period;
- awards subject to individual malus and claw-back conditions, as largely enforceable.

4.4 Non-standard compensation

Non-standard compensation refers to those compensation elements considered as exceptions (e.g. entry bonus*, special award, retention bonus, Role-Based Allowance, stability pact and non-competition agreement).

Such awards are limited only to specific situations, as appropriate, related to the hiring phase, launch of special projects, achievement of extraordinary results, high risk of leaving for executives of the Group, mission critical roles and positions covered in specific corporate functions. In particular, guaranteed bonus granted in relation to the hiring phase are an atypical form of compensation, which is not common practice for the Group.

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Group guidelines provided in case of eligibility to variable compensation have to be mentioned in the Executive contracts.

Amounts related to variable pay and any technical details of payments (vehicles used, payment structure and time schedule) are included in separate communication and managed in strict adherence to governance and delegation of authority rules.

4.5 Benefits

**› Definition and objective**

Benefits include welfare benefits that are supplementary to social security plans, healthcare and work life balance benefits and are intended to provide substantial guarantees for the well-being of staff and their family members during their active career as well as their retirement.

In addition, special terms and conditions of access to various banking products and other services may be offered to employees in order to support them during different stages of their lives.

From a total compensation perspective, benefits aim to reflect internal equity and overall coherence of the remuneration systems, meeting the needs of different categories as appropriate and relevant.

**› Features**

In coherency with the governance framework of UniCredit and the Global Job Model, benefits are assigned by applying general common criteria for each employee category, while types and characteristics of benefits are established on the basis of local regulations and practices.

By way of example, if in line with local laws, regulations and market practices, company cars or equivalent mobility grants, rents or accommodation grants may be assigned to certain categories of employees. Group-wide benefit policies are also in place for staff seconded abroad, defined in line with common market practices for equivalent multinational companies.
4.6 Severance

According to the regulatory requirements included in the Bank of Italy Circular 285, a specific Policy on payments to be agreed in case of early termination of a contract (so-called Severance Policy) was firstly submitted for approval to the 2015 Annual General Meeting.

An update of that policy, with more restrictive provisions compared with the previous one, was then approved by the 2017 Annual General Meeting.

On October 23, 2018, Bank of Italy had published the 25th update of the Circular 285 that, inter alia, ruled that all amounts defined upon or in view of the early termination of employment - with the exception of the notice due by law and the statutory deferred pay (Trattamento Fine Rapporti) - are variable remuneration and are included in the calculation of the cap to the variable remuneration for the Material Risk Takers, with the exception of:

• the consideration for non-competition covenants that do not exceed one annual fixed remuneration for each year of duration of the undertaking;

• the amounts for the settlement of an existing or potential dispute related to the resolution of the employment, as long as calculated on the basis of a predefined formula contained in the Policy.

As a consequence, an updated Severance Policy was submitted for approval to the Annual General Meeting of April 11, 2019 that, without changing the main criteria and limits, incorporated the new regulatory requirements, foreseeing - inter alia - a predefined formula for the calculation of severance payments that, used for the settlement of a current or potential dispute related to employment termination, allows not to count them towards the cap for the variable remuneration.

On April 15, 2021, a further update of the Policy was submitted to the Shareholders’ Meeting for approval, aimed at reflecting changes in Unicredit’s competitive positioning and managing specific compensation practices in particular situations.

In particular, the main amendment proposed envisages - without prejudice to all the main terms of the current Policy - that only the absolute maximum amount is increased from 7.2 million € to 15 million € in view of the new competitive positioning.

It was specified that:

17 In particular, that severance pay, including notice, shall not exceed 24 months of total remuneration, that the additional portion of notice shall in no case exceed 18 months remuneration and that the absolute maximum limit of severance pay shall remain at 4 times fixed remuneration, with no possibility of exceptions.

In the event of negotiations or dismissal/leavolution without just cause or if the employment relationship is terminated following a public purchase offer. In case of early termination of the mandate, the ordinary law provisions would therefore apply.

4.6.1 Members of the Board of Directors, General Managers and other Executives with Strategic Responsibilities

With particular reference to the members of the management bodies, general managers and other key management personnel and the related requirements set out by Consob Issuers Regulation no. 11971, it is specified that:

• the treatments envisaged in the event of termination of office or termination of employment are set out in the “Group Termination Payments Policy” which, pursuant to Bank of Italy regulations, is subject to specific approval by the Shareholders’ Meeting;

• the members of the Board of Directors are bound by directorships, the term of which coincides with the term of office.

In the event of early termination, the normal legal provisions shall apply to them. General Managers and other Executives with Strategic Responsibilities have employment relationships, generally of indefinite duration, as Dirigenti under the “National Collective Labour Agreement for Managers employed by credit, financial and instrumental companies” (the “CCNL”), unless employed abroad, in which cases the corresponding local practices and rules apply;

• the notice period foreseen for the termination of the relationship, if the circumstances foreseen by the law occur, is the one foreseen by the CCNL. In the event that agreements are in place that, at individual or aggregate level, envisage the recognition of conventional seniority and/or measures that differ from the standard ones, the circumstance is reported in the Remuneration Report. In no case the notice period exceeds 12 months;

• all the criteria for determining the amounts agreed between the bank and the staff in view of or on the occasion of the early termination of the employment relationship or for the early termination of the office are defined within the “Group Termination Payments Policy”, which also provides indications of the components to be considered in the calculation of the reference remuneration and the elements to be used, within the framework of a specific formula, to determine the number of months’ pay actually due;

• the amounts paid in relation to the termination of the relationship take into account, in any case, the long-term performance, the creation of value for shareholders, and do not reward failure or abuse. For further details in this regard, please refer to the “Group Termination Payments Policy”;

• the regulations of the short-term and long-term incentive plans determine what effect termination of employment has on them, depending on the circumstances. In general, termination results in the loss of all benefits payable, except in specific circumstances where the individual qualifies as a “good leaver.” In such cases, if the termination occurs during the performance period, the beneficiary will be entitled to a pro rata award, subject to the achievement of the relevant conditions at the end of the period and, in any event, in accordance with the deferred payment schedule and all other terms and conditions set forth in the regulations.

Recognition of good leaver status is generally provided in the following cases:

• termination due to any physical impairment including illnesses, injury or permanent disability as determined by applicable laws;

• retirement, including by agreement with the Company and/or enrolment in early retirement or redundancy plans;

• the company that employs, or the line of business in which the beneficiary works, ceases to be part of the Group or is transferred to a person or legal entity not belonging to the Group.

The status of “good leaver” may also be acknowledged, taking into account the specific circumstances and the company’s interest, within the scope of specific agreements entered into with the beneficiary upon - or in exceptional cases, before - termination of the relationship.

Any agreements that provide for ex-ante recognition of the status of “good leaver” as an exception to the principles outlined above are disclosed in the Remuneration Report;

• the granting or retention of non-monetary benefits beyond a short transitional period immediately following the termination of the relationship, or the conclusion of consultancy contracts for a period following the termination of the relationship, is generally excluded.

Should this occur, the circumstance would be reported in the Remuneration Report and the economic benefits would be included in the provisions of the “Group Termination Payments Policy”. 


4.7 Ratio between variable and fixed compensation

In compliance with applicable regulations, the adoption of a maximum ratio between variable and fixed remuneration of 2:1 for the personnel belonging to the business functions has not changed, as approved by the Annual General Meeting of May 13, 2014.

Positions entitled to a variable to fixed ratio of potentially up to a maximum of 2:1 are:
- Group Chief Executive Officer;
- Heads of Italy, Germany, Central Europe, Eastern Europe and Client Solutions, Digital & Information Officer and Group Operating Officer;
- CED and General Managers of Group Legal Entities;
- Personnel belonging to Business Divisions (e.g. Client Solutions, Commercial Banking), excluding control or support roles.

Assumptions upon which the increase of the maximum ratio between variable and fixed remuneration, type of personnel and limit itself were based have not changed (e.g. UniCredit business model kept substantially stable since 2014, the compensation strategy is competitive at international level and basically in line with the one in 2014). On the basis of the ECB Recommendation on dividend distribution policies, UniCredit capital ratios satisfy the regulatory capital requirements which allow the Group to be classified within the first category of institutions, with the highest level of capital ratios, and therefore with the lowest limitations on dividend distributions.

In addition, UniCredit has set its variable remuneration policy to respect in a forward-looking perspective the most updated regulatory capital recommendations on variable remuneration. In 2022, a preliminary estimation of Group Material Risk Takers belonging to this category which however exceed the 1:1 limit are ca. 100 staff members.

The estimated portion of the 2022 Incentive System that could be awarded to those roles in excess to the 1:1 ratio is less than 8% of the overall estimated pool (approx. €16 million, of which €11 million in UniCredit shares, equivalent to approximately 0.08% of UniCredit share capital. This amount of capital (i.e. €16 million) is equivalent to ca. 0.5% of UniCredit Group CET1 ratio.

In light of this information, it is set that the decision to maintain a maximum level of variable remuneration of 2:1 of the fixed remuneration for the personnel belonging to the business functions (as approved by the Annual General Meeting on 2014) would not affect the Group maintenance of a sound capital base.

Therefore, the adoption of a ratio of 2:1 between variable and fixed compensation does not have any implications on the bank’s capability to continue to respect all prudential rules, in particular capital requirements.

This approach allows UniCredit to maintain a strong link between pay and performance, as well as competitiveness in the market. Our main peers have also taken the same approach in order to limit the effects of an uneven playing field in a market where the cap is not present, to avoid the rigidity of the cost structure derived from a possible increase of fixed costs and to guarantee the alignment with multi-year performance, through deferring a relevant component of the variable compensation.

For the rest of the staff a maximum ratio between the components of remuneration equal to 1:1 is usually adopted, except for the staff of the Corporate Control Functions, for Human Resources and the Manager in Charge of Drafting the Company Financial Reports for which it is expected that fixed remuneration is a predominant component of total remuneration. For these Functions it is also foreseen that incentive mechanisms are consistent with the assigned tasks, as well as being independent of results from areas under their control.

For the Corporate Control Functions, in particular, the maximum weight of the variable component will take into account the differences between national rules and regulations in application of Directive 2019/878/EU in the various countries in which the Group operates18, in order to ensure equal operating conditions in the market and the ability to attract and retain individuals with professional skills and capabilities adequate to meet the needs of the Group.

Consistently with the framework described above, Group Legal Entities set in their remuneration policies the appropriate level of the maximum ratio between the variable and fixed compensation according to the national law, Group approach/Group Remuneration Policy, taking into account the business activities, the risks and the impact that different categories of staff have on the risk profile.

Where allowed by the local law, the Legal Entities manage the request to approve, with a dedicated resolution, a higher maximum level of the ratio between the variable and fixed component of remuneration of up to 200% by the shareholders’ General Meeting, in coherence with the approach defined by the Holding Company in terms of positions, and manage the related notification to the competent regulator, as appropriate.

20. Considering the application, from 2024, of the new rules between the variable and the fixed components of remuneration (which cannot exceed the limit of one third for the Material Risk Takers within the Italian Control Functions, while fixed remuneration is regarded to be the predominant component for the Control Functions of other geographies), share ownership guidelines are not applicable to Executives who are part of Corporate Control Functions.

4.8 Share ownership guidelines

Share ownership guidelines set minimum levels for company share ownership by relevant Executive19, aiming to align managerial interests to those of shareholders by assuring appropriate levels of personal investment in UniCredit shares over time.

The ownership of UniCredit shares by Group leaders is a meaningful and visible way to show investors, clients and people the commitment towards UniCredit.

The Board of Directors approved at the end of 2011 the share ownership guidelines applied to the Chief Executive Officer, to General Manager and Deputy General Manager roles, if any, and on March 2017 extended the application to Senior Executive Vice President and Executive Vice President positions (see image below).

The established levels should be reached, as a rule, within five years from the appointment to the above indicated Executives categories within the scope of the guidelines and should be maintained while the role is held.

Share ownership guidelines

<table>
<thead>
<tr>
<th>Ratio</th>
<th>Annual Base Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>2X</td>
<td>Chief Executive Officer</td>
</tr>
<tr>
<td>1X</td>
<td>Senior Executive Vice President</td>
</tr>
<tr>
<td>0.5X</td>
<td>Executive Vice President</td>
</tr>
</tbody>
</table>

The achievement of the share ownership levels should be accomplished through a pre-rata approach over a 5-year period (granting the minimum amount of shares each year taking into consideration potential vested plans).

Involved Executives are also expected to refrain from activating schemes or arrangements that specifically protect the unvested value of equity granted under incentive plans (so called “hedging”).

Such clauses are contained in all relevant incentive plan rules and apply to all beneficiaries, since involvement in such schemes undermines the purpose of limiting the risk.

Any form of violation of share ownership guidelines as well as any form of hedging transaction shall be considered a breach of Group compliance policies with such consequences as provided for under enforceable rules, provisions and procedures.

Local adaptations based on specific regulations and/or business shall be envisaged consistently with the global approach at Group level.

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19 In particular, for the Material Risk Takers of Corporate Control Functions in Italy, the ratio between the variable and the fixed components of remuneration cannot exceed the limit of one third, as per Banca d'Italia's Circular 285 of December 17, 2013, 37th update of November 24, 2021.
5. Group Compensation Systems

The Group Incentive System 2022, while preserving a strong link between remuneration, risk and sustainable profitability, has been redesigned compared to the prior year to better fit the new Group strategic direction as well as to increase its effectiveness in a time of high uncertainty.

Through the new System, UniCredit seeks to retain and motivate each beneficiary by providing for incentives which aim to reward contributions to the long-term growth, profitability and financial success of the Group, with a focus on reputation and overall sustainability which contributes to the achievement of business goals over time.

The new System aims at providing an appropriate balance of variable compensation elements, aligning the interests of employees, shareholders and other stakeholders, strengthening the Group’s position as a leading European bank and aiming at effective compensation practices in compliance with the applicable regulatory environment.

In addition, the new System aims at aligning top and senior management interests to the long-term value creation for shareholders, to share price and Group performance and to sustaining a sound and prudent approach to risk management, combining annual goals with additional long-term conditions to steer the performance management measurement towards sustainable results over time.

The System also has the characteristics to be considered a “retention” tool to retain key players for the achievement of Group strategy.

5.1 2022 Group Incentive System

The 2022 Group Incentive System, as approved by UniCredit Board of Directors on February 21, 2022, is based on a bonus pool approach, similarly to last years, which is compliant with the most recent national and international regulatory requirements and links bonuses with company results at Group and country/division level, ensuring a strong connection between profitability, risk and reward. In particular, the system provides for:

- the definition of a bonus pool at group level, with cascading at divisional level consistently with segment reporting disclosure, based on the actual divisional performance adjusted considering quality and risk indicators as well as cost of capital;
- allocation of a variable incentive defined on the basis of the determined bonus pool, individual performance evaluation, internal benchmark for specific roles/markets and maximum ratio between variable and fixed compensation as approved by the Annual General Meeting;
- a malus condition (Zero Factor or Reduced scenarios) which applies in case specific thresholds of profitability, capital and liquidity are not met at both Group and country/division level;
- risk adjusted metrics in order to guarantee long-term sustainability, regarding company financial position and to ensure compliance with regulations;
- definition of a balanced structure of upfront (following the moment of performance evaluation) and deferred payments, in cash and/or shares for Group Material Risk Takers;
- defined payments for selected beneficiaries to subject to additional long-term performance conditions;
- distribution of financial instruments payments which take into account the applicable regulatory requirements regarding the application of retention periods.

5.1.1 Bonus Pool Funding

The bonus pool is set at group level and then cascaded down for each division following the external reporting structure. It is initially proposed during the budgeting phase as a percentage of the pre-defined funding KPI (i.e. Operating EVA). In such a definition, the following elements are considered: business context and perspectives, previous years amount and forecasts of profitability. The budget is submitted to the approval of UniCredit Board of Directors.

Furthermore, bonus pool size takes into consideration any recommendation issued by European or local regulators on variable remuneration.

The bonus pool cascading is structured in a pre-defined methodology based on a theoretical bonus pool breakdown, estimated on the basis of the implicit funding embedded in the divisional P&L budget and the annual divisional performance (Operating EVA vs. budget) within the available Group bonus pool.

5.1.2 Entry Conditions

Specific “Entry Conditions” are set at Group level, measuring annual profitability, capital position and liquidity results. The combined evaluation of the Entry Conditions defines three possible scenarios that allow the confirmation to increase, reduce or cancel the bonus pool.

The malus condition (Zero Factor or Reduced scenarios) will apply in case the specific metrics on profitability, capital and liquidity are not achieved (box A and B included in the scheme “Entry Conditions definition”). Specifically, the Zero Factor is applied to the Group Material Risk Taker population, whereas for the non-Group Material Risk Taker population, a significant reduction will be applied. In case capital and liquidity conditions are met and profitability is not (box B included in the scheme “Entry Conditions definition”), a reduced scenario is envisaged, with 50% bonus payout applied to the Group Material Risk Taker population, whereas for the non-Group Material Risk Taker population, a sizable reduction will be applied.

Entry conditions in terms of capital and liquidity apply as well to external networks and agents, where applicable, as foreseen by regulation.

Entry Conditions are verified also during the cascading process at local level, where applicable. Legal Entities may consider further local conditions. In particular, Banks introduce local liquidity and capital metrics as further entry conditions.
5.1.3 Adjustments based on sustainability and risk

In order to ensure consistency with the Group Risk Appetite Framework and the economic sustainability of the Group and country/division results over time, the bonus pool may be revised up/downwards, on the basis of the overall “quality of performance”. The methodology envisages the assessment performed by Group Risk Management based on a specific dashboard at Group level. In addition, the Group CRO presents to the Remuneration Committee a specific report providing commentary on Group results.

The Risk Adjusted KPIs dashboards include indicators covering all relevant risks, such as credit, market, liquidity and compliance and the risk position assumed, the adherence to regulatory requirements and the relationship between risk and profitability. The specific metrics are measured with reference to the respective relevant thresholds (limit, trigger and target), established in line with the Group Risk Appetite Framework. By way of example, the standard structures of Risk dashboard are shown in the following picture.

Group Risk Management can either confirm or override the outcome and may exercise the right to override taking into consideration events with a qualitative nature or extraordinary events which are out of the ordinary business of the bank (e.g. significant asset disposals in addition to normal distressed asset management activities, mergers and acquisitions or business restructuring, business discontinuities, capital increases, sanctions, goodwill impairment).

The Group CRO function provides an overall assessment on the dashboard and the evaluation leads to the definition of a “multiplier” in order to define the adjustment of the bonus pool, which could fall in the range of 50%-120%. Negative and neutral “multipliers” (i.e. 50%, 75% and 100%) are directly applied to bonus pool funding. Positive “multipliers” (i.e. 110% and 120%) are representing the upper bound of the bonus pool theoretical value and subject to managerial evaluation, considering the broader context of the company.

The dashboard, used to evaluate the quality of performance from a risk perspective, is monitored on a quarterly basis.

The application of a further discretionary range up to +20% in the faculty of Board of Directors is foreseen with respect to the theoretical value (e.g. based on performance vs. the broader Strategic Plan execution, performance within the broader market context, macro scenario, compensation trends in the market, reputational impacts, regulatory recommendations), while there is no limit to a downward adjustment of the bonus pool.24

24 Divisions and Legal Entities define mechanisms for bonus pool risk adjustment and Board discretion adjustment, to be applied in the breakdown phase, consistently with the framework defined at Group level and properly documented.
In particular, based on the achievement of Entry Conditions, in the event the CRO assessment reports the maximum positive result and the Board of Directors exercises the maximum discretion, the following scenarios may occur:

- in the event that only the profitability Entry Condition is not met at Group level, the gate is “partially open” and a reduced bonus pool scenario is activated triggering a reduction of 50% of the pool generation for Group material risk takers. For the other employees, a sizeable reduction will be applied;
- if all Entry Conditions are met, the gate is “fully open”, meaning the bonus pool may be fully confirmed or even increased (up to max 144.25%)

In any case, as requested by Bank of Italy regulations, the final evaluation of Group sustainable performance parameters and the alignment between risk and remuneration will be assessed by the Remuneration Committee and defined under the governance and accountability of the Board of Directors.

The Board of Directors has the right to disregard, when deciding on the bonus, extraordinary balance sheet items which do not impact the financial bonus pool, that is, extraordinary items which do not impact capital, liquidity and profitability. Such adjustments are subject to specific rules (e.g. limited to avoid substitution; safeguarding control function pool).

Following potential changes in current regulations and/or in relation to potential extraordinary and/or unpredictable contingencies which can impact the Group, the company or the market in which it operates, the Board of Directors, having heard the opinion of the Remuneration Committee, maintains the right to amend the system and relevant rules, consistently with the overall set up approved by the Annual General Meeting and to that extent as it is functional to keeping the essential contents of the system substantially unchanged, preserving its main incentive purposes.

Moreover, in order to guarantee adequacy, fairness and internal consistency of the incentive system, in its particular provisions and among these as a whole, the mechanisms and instruments illustrated above must be interpreted as a single and inseparable whole, since the specific provisions envisaged herein may therefore be applied by analogy to further, similar and unregulated situations (or differently regulated), whenever the diversity of regulations would result in an objective inconsistency and unfairness of treatment.

### Example of bonus pool definition

<table>
<thead>
<tr>
<th>1. Bonus pool funding</th>
<th>2. Entry conditions</th>
<th>3. Risk/Sustainability adjustment</th>
<th>Theoretical bonus pool</th>
<th>Possibility of discretion at 10% (cap or downward discretion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>€ 1 m funding KPI</td>
<td>10% funding rate</td>
<td>100%</td>
<td>110%</td>
<td>€ 110 K</td>
</tr>
</tbody>
</table>

- **Bonus pool proposed in budget phase as a percentage of the funding KPI**
- **Capital, Liquidity and Profitability Entry Conditions are met at Group level**
- **Positive evaluation on risk sustainability done by CRO (+)**
- **Final decision on bonus pool amount, including the possibility of application of upward discretion of the Board (+20%) or downward (till zeroing the bonus pool)**
- **BoD/Managerial discretion: unlimited downward, up to +20% max upward discretion**

25. Maximum scenario achievable in case of positive CRO assessment and using all the Board of Directors’ discretion to approve a bonus pool max +20% of the Theoretical one (100%+12.5% CRO dashboard + 20% BoD discretion).
### Additional long-term performance conditions

For selected individuals, namely the CEO, members of the Group Executive Committee and managers directly reporting to GEC members (hereinafter also “GEC-1”), 60% of the bonus is deferred and subject to additional long-term performance conditions, which act as a modifier of the individual bonus defined on the basis of the individual 2022 performance appraisal scorecard, with the effect of:

- cancelling it, if they are below a certain minimum threshold;
- reducing it up to -30%, if they are above the threshold but below the target;
- confirming it, if they are in line with the target;
- increasing it up to +30%, if they are above the target, allowing for overperformance.

The long-term performance conditions are based on specific goals defined at Group level covering the three years following the 2022 annual performance. Two clear and measurable KPIs have been defined in order to assess the sustainability of performance results in the long-term:

- RoTE with CET1 underpin (70% weight): absolute metric reflecting the core profitability of the Bank leveraging on the return key measure of UniCredit Unlocked Plan, while taking into consideration the efficiency in capital allocation. It matches the target included in short-term scorecards, where applicable, thus reinforcing the principle of sustainable performance over time. The CET1 underpin is referred to the target capital ratio of the UniCredit Unlocked strategy plan, and would operate as a “floor” of capital to be used for the calculation of the KPI if the actual CET1 level drops below the abovementioned target;
- Relative Total Shareholder Return (TSR) (30% weight): overall performance metric highly aligned to shareholders, measured as relative to the peer group as to balance potential industry shocks.

Furthermore, if the threshold for profitability, capital and/or liquidity is not reached, Malus conditions may apply pro-rata for each year of the long-term performance period.

#### 5.1.3 Payout Structure

As approved by the Board of Directors on February 21, 2022, with reference to payout structure, the Material Risk Taker population will be differentiated into four clusters, using a combined approach of position and compensation:

- for Group CEO, GEC members and Group Chief Audit Executive (CAE) 6-year deferral schemes are applied, consisting in a payout structure of 7 years in total; a smoother deferral curve is applied in case of Control functions, People & Culture and Manager in Charge of Drafting the Company Financial Reports;
- for GEC-1 and Group CAE direct reports 5-year deferral schemes are applied, consisting in a payout structure of 6 years in total; a smoother deferral curve is applied in case of Control functions and People & Culture;
- for other Senior Management 5-year deferral schemes are applied, consisting in a payout structure of 6 years in total; a higher deferral percentage is applied in case of variable remuneration > € 430,000;
- for other Material Risk Takers 4-year deferral schemes are applied, consisting in a payout structure of 5 years in total; a higher deferral percentage is applied in case of variable remuneration > € 410,000.

The payout of Incentives will be done through upfront and deferred instalments, in cash or in UniCredit ordinary shares, over a multi-year period:

- in 2023 the first instalment of the total incentive will be paid in cash and free UniCredit ordinary shares subject to the evaluation of the individual adherence to compliance and conduct principles; the remaining part of the overall incentive will be paid in cash and/or free UniCredit ordinary shares:
  - 2027-2029 for Group CEO and GEC (excluding Control Functions, People & Culture and Manager in Charge of Drafting the Company Financial Reports);
  - 2025-2029 for GEC belonging to Control Functions and People & Culture, Manager in Charge of Drafting the Company Financial Reports and Group CAE;
  - 2027-2028 for GEC-1 (excluding Control Functions and People & Culture);
  - 2025-2028 for GEC-1 belonging to Control Functions and People & Culture, Group CAE direct reports and other Senior Management;
  - 2025-2027 for other Material Risk Takers;
- each further tranche will be subject to the application of the Zero Factor for the year of reference and in absence of any individual/values compliance breach.

Each share tranche is subject to a 1-year retention period for both upfront and deferred shares, as foreseen by regulation.

All the instalments are subject to the application of clawback conditions, as legally enforceable.

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26. Excluding Control Functions, People & Culture and Manager in Charge of Drafting the Company Financial Reports.
27. In any case in compliance with the maximum regulatory ratio of variable to fixed remuneration.
28. 12.5-13% managerial target 2024.
29. Banco Santander, Barclays, BBVA, Commerzbank, Credit Agricole, Deutsche Bank, Erste Bank, ING, Intesa Sanpaolo, Nordea Bank, Société Générale and UBS.
Deferral scheme - payout view considering 1-year mandatory holding period for shares

<table>
<thead>
<tr>
<th></th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
<th>2028</th>
<th>2029</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Group CEO and GEC (excluding Control Functions, People &amp; Culture and Manager in Charge of Drafting the Company Financial Reports)</strong></td>
<td>20% cash</td>
<td>20% shares</td>
<td>20% shares</td>
<td>20% shares</td>
<td>20% shares</td>
<td>20% shares</td>
<td>20% shares</td>
</tr>
<tr>
<td><strong>GEC belonging to Control Functions and People &amp; Culture, Manager in Charge of Drafting the Company Financial Reports and Group CAE</strong></td>
<td>20% cash</td>
<td>20% shares</td>
<td>12% shares</td>
<td>12% shares</td>
<td>12% shares</td>
<td>12% shares</td>
<td>12% shares</td>
</tr>
<tr>
<td><strong>GEC-1 (excluding Control Functions and People &amp; Culture)</strong></td>
<td>20% cash</td>
<td>20% shares</td>
<td>20% shares</td>
<td>20% shares</td>
<td>20% shares</td>
<td>20% shares</td>
<td>20% shares</td>
</tr>
<tr>
<td><strong>GEC-1 belonging to Control Functions and People &amp; Culture, Group CAE direct reports and Other Senior Management with variable remuneration ≤ €430k</strong></td>
<td>20% cash</td>
<td>20% shares</td>
<td>10% shares</td>
<td>10% shares</td>
<td>10% shares</td>
<td>20% cash + 10% shares</td>
<td></td>
</tr>
<tr>
<td><strong>Other Senior Management with variable remuneration ≤ €430k</strong></td>
<td>25% cash</td>
<td>25% shares</td>
<td>5% cash</td>
<td>10% shares</td>
<td>10% shares</td>
<td>10% cash + 15% shares</td>
<td></td>
</tr>
<tr>
<td><strong>Other Material Risk Takers with variable remuneration &gt; €430k</strong></td>
<td>20% cash</td>
<td>20% shares</td>
<td>15% shares</td>
<td>15% cash + 15% shares</td>
<td>15% cash</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Other Material Risk Taker with variable remuneration ≥ €430k</strong></td>
<td>30% cash</td>
<td>30% shares</td>
<td>10% shares</td>
<td>10% cash + 10% shares</td>
<td>10% cash</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

A. Including the Material Risk Taker assigned to Senior Management according with applicable regulations.

At local level, Group Entities may perform calculations on the length of the deferral schemes and/or the use of financial instruments to be aligned with more restrictive local regulations.

The number of shares to be allocated in the respective instalments shall be defined in 2023, on the basis of the arithmetic mean of the official market price of UniCredit ordinary shares during the month preceding the AGM approval of 2022 Group Incentive System and after the Board of Directors to which the 2022 bonuses are submitted, following performance achievements evaluation.

The Board of Directors assigns free UniCredit ordinary shares that will be freely transferable at the end of the retention period. UniCredit share capital, assuming that all free shares for employees are distributed.

Out of this amount, the estimated portion that could be awarded to business functions roles, exceeding the 1:1 ratio between variable and fixed remuneration, is less than 8% of the overall estimated pool (approx. € 16 million distributed to approx. 100 beneficiaries), equivalent to approximately less than 0.08% of UniCredit share capital, assuming that all free shares for employees are distributed.

The overall number of shares under all other current outstanding Group equity-based plans equals 2.05% of UniCredit share capital.

The beneficiaries cannot activate programmes or agreements that specifically protect the value of unavailable financial instruments assigned within the incentive plans. Any form of coverage (hedging) will be considered a violation of compliance rules and imply the consequences set out in the regulations, rules and procedures.

With the goal to respect this provision, Corporate Control Functions perform sample checks on custody and administration internal accounts for Material Risk Takers and require them to communicate the existence towards other intermediaries of custody and administration accounts and their performed transactions and financial investments, if any.

As foreseen by the incentive systems of previous years, also for the 2022 Group Incentive System, in case of termination of the employment relationship, the Employee shall keep all rights under the System provided that he/she qualifies as a Good Leaver. Specifically, in case of good leaver, if this occurs during the performance period, the Employee will be entitled to a pro-rata temporis award of the deferrals, subject to the achievement of relevant performance conditions at the end of the performance period and according to the deferred payout scheme and all other terms and conditions under the Rules of the 2022 Group Incentive System.

For the purpose of the Rules, a “Good Leaver” is exclusively an Employee who ceases to be an Employee of any Company during the performance period of the System due to the following reasons:

- termination of the employment relationship due to any physical or mental disability including (i) ill-health, injury or permanent disability, as established by applicable laws;
- retirement, also in case of agreement with the Company and/or enrolment into early retirement or redundancy plans;
- the company employing the Employee ceasing to be a member of the Group;
- a transfer of the undertaking, or the part of the undertaking, in which the Employee works to a person or legal entity which is not a member of the Group.

The status of “Good leaver” may also be granted, taking into account the specific circumstances and the company’s interest, within the scope of specific agreements entered into with the beneficiary.

FOCUS

Compliance breach, Malus and Claw-back

The Group reserves the right to activate malus and claw-back mechanisms, namely the reduction/cancellation and the return respectively of any form of variable compensation.

In case of ex-ante risk adjustment, the Malus mechanism (the reduction/cancellation of all or part of the variable remuneration) can be applied to the variable remuneration to be awarded. In addition to the adjustment on the variable remuneration, promotion and merit salary reviews might as well be subject to the compliance breach assessment. In case of ex-post risk adjustment, the Malus mechanism (the reduction/cancellation of all or part of the variable remuneration) can be applied to the deferred components that have already been awarded and have not yet been paid out, for the year in which the breach occurred. If the outstanding variable remuneration is not sufficiently large to ensure an appropriate malus mechanism, the reduction may be applied also to other variable remuneration components (e.g. deferred component from other years than the year in which the breach occurred or the variable remuneration awarded for the year and not yet paid).

Claw-back mechanisms (the return of all or part of the variable remuneration) can be activated on the overall variable remuneration already paid, awarded for the time period during which the breach occurred, unless different provisions by local regulations or more restrictive provisions are in force.

The claw-back mechanisms can be activated up to a period of 5 years after the payment of each instalment, also after the employee’s contract termination and/or the end of the appointment and take into account legal, social contributions and fiscal profiles and the term limits prescribed by local regulations and applicable practices.
Malus and claw-back mechanisms may apply in the case of verification of behaviours adopted in the reference period (performance period), for which the employee:

- contributed with fraudulent behaviour or gross negligence to the Group (including significant financial losses, or by his/her conduct had a negative impact on the risk profile or on other regulatory requirements at Group or country/division level);
- engaged in misconduct and/or failed to take expected actions which contributed to significant reputational harm to the Group or to the country/division, or which were subject to disciplinary measures by the Authority;
- is the subject of disciplinary measures and initiatives envisaged in respect of fraudulent behaviour or characterized by gross negligence during the reference period;
- infringed the requirements set out by articles 26 TUB and 53 TUB, where applicable, or the obligations regarding the remuneration and incentive system.

Malus mechanisms are also applied to take into account the performance net of the risks actually assumed or achieved, the performance related to the balance sheet and liquidity situation.

According to the EBA guidelines and to further strengthen the performance related to the balance sheet and liquidity situation.

Specific guidelines about the application of the Malus and Claw-back procedure to be adopted throughout the Group were formalized and provided by the Holding Company to the Legal Entities that apply local adaptations consistent with the overall approach and with regulations in the various countries in which the Group operates.

The process is specifically applicable to the Material Risk Takers population, as per regulatory provisions, while general principles are applicable to all individuals within the Group who are beneficiaries of variable remuneration, including external networks and agents, where applicable.

The main elements of the Malus and Claw-back procedure are the following:

- breaches identification, based on the roles and responsibilities of the functions involved according to their ordinary activities. The identification is based both on internal and external sources (e.g. special investigation, disciplinary sanctions, regulatory sanctions);
- breaches evaluation, based on the assessment of the breach materiality following a scoring system, from lowest to highest value. The drivers of materiality assessment are:
  - gravity of the individual conduct, including the circumstances of a law violation;
  - nature of fraud or gross negligence of the trigger event;
  - repetitiveness of the breach;
  - impact on finances;
  - seniority of the individual;
  - organizational role;
  - impact on the Group external reputation;
  - other circumstances aggravating or mitigating the reported breach;
- In coherence with the score assigned and the reference period of the breach, the impact on the variable remuneration is defined according to two elements:
  - percentage of the variable remuneration that can be reduced/cancelled and/or returned back;
  - Relevant breaches by Group Material Risk Taker population will be submitted for evaluation and proposal to the Group People & Culture Officer, Head of Group Compliance and Head of Group People Journey. The Chief Audit Executive is also attending the meeting as permanent guest, without voting rights;
- decision making process and relevant measure adoption are defined according to the internal HR Delegation of Powers.

For Executive Directors and Executives with Strategic Responsibilities specific contractual provisions are envisaged, that allow the Company to ask the return, partially or totally, of the variable remuneration components already paid (or retain deferred amounts), defined according to data proved to be manifestly incorrect at a later time and other circumstances which may have been identified by the company.

5.2 Performance Management framework

5.2.1 The Framework

The Group Incentive System, described in paragraph 5.1, is supported by the annual performance management process ensuring coherence, consistency, and clarity of performance objectives and behavioral expectations aligned with business strategy. The setting of the annual objectives (known as Goal Setting) is the initial phase of this process and is supported by a structured framework that includes a catalogue of performance indicators (the "KPI Bluebook") annually certified by relevant group key functions (i.e. People & Culture, Finance, Risk Management, Compliance, Group ESG Strategy & Impact Banking) and guidelines in line with regulatory provisions and Group standards related to:

- the selection of goals based on year-to-year priorities defined by business/perimeter and the assignment of individual goals customized on the single position;
- the indication of measurable goals, both qualitative and quantitative. In case of customized goals, clear and pre-defined parameter for future evaluation performance shall be set and made transparent;
- the use of risk-adjusted/related goals (e.g. at least one KPI in the goals card);
- the link with ESG and Diversity, Equity & Inclusion (“DE&I”) strategies (e.g. at least one ESG KPI for all QMRT with a particular focus on DE&I KPIs for staff reporting to GEC and their direct reporting line); the use of sustainability goals for value creation over time (e.g. about half of the goals shall be related to sustainability);
- the adequate mix of financial and non-financial goals, taking into account the single role’s specificities;
- the use of goals related to business, corporate values, conduct and compliance/risk culture, with a focus on:
  - being a role model for Group culture, values and purpose;
  - setting the proper tone from the Top on Compliance culture and Risk mindfulness;
- the selection of goals for the Control Functions, in order to ensure their independence (e.g. avoid KPIs linked to profitability results, use KPIs independent of results of monitored areas to avoid conflict of interests);
- the setting of goals, defined in a perspective of avoidance of conflicts of interest with customers, particularly for Commercial/Network roles.

The KPI Bluebook includes KPIs among which:

Main clusters

- Value creation
  - ROAc (Return on Allocated Capital)
  - ROTE (Return on Tangible Equity)
  - Net Revenues
  - ...:

- Risk and capital governance
  - Net CET1 generation
  - Organic Capital Generation
  - New Business EL %
  - Performing Stock EL %
  - ...

- Clients
  - Gross New Clients
  - Internal Service Quality (ISQ)
  - Reputation Index
  - Net Promoter Score (NPS)
  - ...

- Industrial levers
  - Operating costs
  - Cross-selling excellence (CSE)
  - Cost / Income
  - Net Income
  - ...

- People & Culture
  - Diversity, Equity & Inclusion ambitions
  - HR Processes Execution
  - Sustain value through excellence in execution
  - ...

- Compliance culture
  - Winning, The Right Way, Together
  - Regulatory requirements and policy implementation
  - KYC Quality
  - ...

- ESG
  - ESG Strategy
  - Social Rating
  - Net Zero Project

Financial and non-financial goals included into the KPI Bluebook are mapped into clusters of business / perimeter, as illustrated in the picture above, to help identifying the most relevant standardized KPIs: they are also categorised based on being risk-adjusted/related and on sustainability drivers.

Sustainability KPIs and ESG related KPIs are the goals that meet current needs without compromising the ability of the Company to generate profit in the future and which have an impact on the creation of medium/long-term value for one or more stakeholders.

In general, the KPI Bluebook, in addition to being the reference catalogue for the assignment of objectives within the Group Incentive System, can also be applied to the assignment of annual objectives for all Group personnel.

5.2.2 2022 Goal Setting Framework

The annual objectives are defined starting from the business strategy and in compliance with the KPI Bluebook framework described above. The process starts with the definition of the objectives for Top Management, which serves as a starting point for the cascading of objectives to lower levels, where applicable.

The Chief Executive Officer objectives for 2022 are shown below:

- **Sustainability:** through the support of our clients’ green and social transition and promotion of people diversity, equity & inclusion, this is a commitment to a key lever for the Bank’s future business strategies and critical component of success;
- **Winning, the right way, together:** fostering of corporate values and expected conduct and behaviors aligned with corporate culture, with a balanced approach across sustainable growth and risk management for all stakeholders.

Below is the illustrative structure of the objectives for the rest of the top management.

### Overview on 2022 Goal Setting for Executives with Strategic Responsibilities

<table>
<thead>
<tr>
<th>Type</th>
<th>2022 Target</th>
<th>Qualitative Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>FINANCIAL</td>
<td>- 16.3 bn</td>
<td>&gt;7%</td>
</tr>
<tr>
<td></td>
<td>- 55% → 9.8 bn</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- 150 bps avg 21-24</td>
<td></td>
</tr>
<tr>
<td>STRATEGIC PRIORITIES &amp; CULTURE</td>
<td>organic capital</td>
<td></td>
</tr>
<tr>
<td></td>
<td>environmental volumes</td>
<td></td>
</tr>
<tr>
<td></td>
<td>social volumes (social lending)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>gender parity ambition across organization</td>
<td></td>
</tr>
<tr>
<td></td>
<td>100 bps by 2024 to ensure equal pay for equal work</td>
<td></td>
</tr>
</tbody>
</table>

Financial section is differently weighted depending on the role and, in compliance with regulations, for the Corporate Control Functions includes objectives non related to profitability. Financial goals are evaluated in a deterministic way based on a quantitative assessment (actual vs target).

Within the non-financial section (Strategic Priorities & Culture), a specific Goal “Winning, The Right Way, Together” is mandatory and it is related to Corporate values, conduct and compliance/risk culture, with a focus on Group culture, values and purpose and Tone from the Top on Compliance culture and Risk mindfulness.

Additionally, in support of UniCredit’s commitment to ESG targets and DB&I ambitions specific “Sustainability” goals have been assigned to Executives with strategic responsibilities, which can also be assigned to lower levels in order to support clients’ green and social transition, embedding sustainability in UniCredit culture, valorising people diversity and promoting equity & inclusion.

Finally, for Executives with strategic responsibilities an annual objective for the implementation of “UniCredit Unlocked Strategy” is defined, customised on the specific role and with reference to specific strategic initiatives and projects linked for example to investments on digitalization, process simplification and fostering customer mindset as enablers of the business and operating model transformation. These targets are calibrated and cascaded within the managerial chains.

Goals into non-financial section are assessed on a qualitative 5-point rating scale.
Below are illustrated the objectives assigned to Executives with strategic responsibilities grouped by role:

### FINANCIAL KPIs (weight 70%)

<table>
<thead>
<tr>
<th>Objective</th>
<th>Weight</th>
<th>Perimeter</th>
</tr>
</thead>
<tbody>
<tr>
<td>NET REVENUES (Rev-LLPs)</td>
<td>70%</td>
<td>Own perimeter/Group</td>
</tr>
<tr>
<td>COSTS (E &amp; OPEX)</td>
<td>70%</td>
<td>Own perimeter/Group</td>
</tr>
<tr>
<td>ORGANIC CAPITAL GENERATION*</td>
<td>70%</td>
<td>Own perimeter/Group</td>
</tr>
</tbody>
</table>

### STRATEGIC PRIORITIES & CULTURE (weight 30%)

<table>
<thead>
<tr>
<th>Objective</th>
<th>Weight</th>
<th>Perimeter</th>
</tr>
</thead>
<tbody>
<tr>
<td>UNICREDIT UNLOCKED EXECUTION</td>
<td>30%</td>
<td>Own perimeter</td>
</tr>
<tr>
<td>SUSTAINABILITY</td>
<td>30%</td>
<td>Own perimeter/Group</td>
</tr>
<tr>
<td>&quot;WINNING, THE RIGHT WAY, TOGETHER&quot;</td>
<td>30%</td>
<td>Group</td>
</tr>
</tbody>
</table>

Number of goals: 7

- Risk adjusted / related
- ESG / Sustainable

### 2022 Goal Setting for Executives with Strategic Responsibilities - Business roles

#### ILLUSTRATIVE

<table>
<thead>
<tr>
<th>Objective</th>
<th>Weight</th>
<th>Perimeter</th>
</tr>
</thead>
<tbody>
<tr>
<td>NET REVENUES (Rev-LLPs)</td>
<td>70%</td>
<td>Own perimeter/Group</td>
</tr>
<tr>
<td>COSTS (E &amp; OPEX)</td>
<td>70%</td>
<td>Own perimeter/Group</td>
</tr>
<tr>
<td>ORGANIC CAPITAL GENERATION*</td>
<td>70%</td>
<td>Own perimeter/Group</td>
</tr>
</tbody>
</table>

### STRATEGIC PRIORITIES & CULTURE (weight 30%)

<table>
<thead>
<tr>
<th>Objective</th>
<th>Weight</th>
<th>Perimeter</th>
</tr>
</thead>
<tbody>
<tr>
<td>UNICREDIT UNLOCKED EXECUTION</td>
<td>30%</td>
<td>Own perimeter</td>
</tr>
<tr>
<td>SUSTAINABILITY</td>
<td>30%</td>
<td>Own perimeter/Group</td>
</tr>
<tr>
<td>&quot;WINNING, THE RIGHT WAY, TOGETHER&quot;</td>
<td>30%</td>
<td>Group</td>
</tr>
</tbody>
</table>

Number of goals: 4

- Risk adjusted / related
- ESG / Sustainable

### 2022 Goal Setting for Executives with Strategic Responsibilities - Digital & Operations

#### ILLUSTRATIVE

<table>
<thead>
<tr>
<th>Objective</th>
<th>Weight</th>
<th>Perimeter</th>
</tr>
</thead>
<tbody>
<tr>
<td>NET REVENUES</td>
<td>50%</td>
<td>Group</td>
</tr>
</tbody>
</table>

### STRATEGIC PRIORITIES & CULTURE (weight 50%)

<table>
<thead>
<tr>
<th>Objective</th>
<th>Weight</th>
<th>Perimeter</th>
</tr>
</thead>
<tbody>
<tr>
<td>UNICREDIT UNLOCKED EXECUTION</td>
<td>50%</td>
<td>Own perimeter</td>
</tr>
<tr>
<td>SUSTAINABILITY</td>
<td>50%</td>
<td>Own perimeter/Group</td>
</tr>
<tr>
<td>&quot;WINNING, THE RIGHT WAY, TOGETHER&quot;</td>
<td>50%</td>
<td>Group</td>
</tr>
</tbody>
</table>

Number of goals: 5

- Risk adjusted / related
- ESG / Sustainable

### 5.3 2020-2023 Group Long-Term Incentive Plan management

The LTIP 20-23 was approved by Shareholders' Meeting on April 9, 2020, and provides for the grant of an incentive in free ordinary shares, to selected Group employees, over a multi-year period linked to the Team 23 Strategic Plan and subject to the achievement of specific performance conditions.

Considering the review of UniCredit Strategic Plan and the connected review of the variable remuneration framework, with the introduction of the new 2022 Group Incentive System, the possibility to offer the beneficiaries of the LTIP 20-23 a switch to the new 2022 Group Incentive System is envisaged to avoid overlap between incentive plans.

Such management of the LTIP 20-23 implies the following effects:

- cancelling the 2022 and 2023 quotas for the beneficiaries accepting the switch, and the related incentive opportunity, thus freeing up space for the allocation of additional variable remuneration under the new 2022 Group Incentive System;

- confirming the 2020 and 2021 quotas, with the same structure, KPIs, targets and features of the LTIP 20-23 as approved by Shareholders' Meeting on April 9th 2020, in order to allow for the possibility to potentially award a portion of it at the end of 2023, subject to Group performance.

The above switching opportunity is strictly linked to the launch of the new 2022 Group Incentive System, to ensure full alignment between incentive systems and corporate strategy, and is subject to the consent of the LTIP 20-23 beneficiaries.

For further information regarding the LTIP 20-23 please refer to Section I, Paragraph 5.3 “2020-2023 Group Long-Term Incentive Plan” of the 2021 Group Remuneration Policy and Report.
Section II

Remuneration Report

1. Introduction
2. Governance
   2.1 Report on the Remuneration Committee
   2.2 Role of Corporate Control Functions and other relevant functions
3. Remuneration Processes and Outcomes
   3.1 2021 Incentive System implementation and outcomes
   3.2 2021 fixed and variable compensation for the Chief Executive Officer
   3.3 Group Long-Term Incentive Plans status update
   3.4 Group Material Risk Takers identification process outcomes
4. 2021 Remuneration Data
   4.1 Compensation to Directors, Statutory Auditors and Executives with Strategic Responsibilities
   4.2 Granular Remuneration Data
1. Introduction

The Remuneration Report discloses all relevant Group compensation-related information and methodologies with the aim of increasing stakeholders’ awareness of the compensation, practices and outcomes in UniCredit, demonstrating their coherence with the business strategy and performance and the sustainability over time, responsible remuneration and sound risk management.

The report provides ex post information on 2021 outcomes, covering both the Group Material Risk Taker population and corporate bodies’ members. Remuneration solutions implemented in 2021 provided for:

- compliance of incentive structures with all relevant regulations, including deferred and equity incentives based on financial instruments;
- comprehensive performance measurement to foster sound behaviours aligned with different types of risk.

The disclosure provided within the Remuneration Report considers the:

- alignment to the national and international regulatory provisions in force;
- continuous monitoring of market trends and practices, supported by PricewaterhouseCoopers, as external advisor of the Remuneration Committee as well as other national and European Banking Associations;
- annual engagement process with international investors and proxy advisors.

The activities performed in 2023 from a compensation standpoint are in line with the 2021 Group Remuneration Policy, which was built based on relevant national and international regulatory framework, as made available along the years, among which:

- on January 1, 2014 the Capital Requirements Directive (CRD IV) was implemented, providing a cap on variable remuneration for Material Risk Takers and requesting local regulators to issue regulations for local implementation;
- on March 4, 2014 the European Commission issued the Delegated Regulation (EU) 604/2014 with regard to regulatory technical standards (RTS) to identify Material Risk Takers; and
- on March 19, 2019 Bank of Italy issued the provisions on "Transparency of banking and financial transactions and services - Fairness of relations between intermediaries and clients", applicable from 2020;
- on December 10, 2020 Consob Issuers Regulation Nr. 11971 was updated under resolution no. 21623 to transpose the Directive (EU) 2017/828 (Shareholders Rights Directive II) requirements of May 17, 2017 already implemented in the legal system with the Legislative Decree no. 49 of May 10, 2019.
- on March 9, 2019 Bank of Italy issued the provisions on "Transparency of banking and financial transactions and services - Fairness of relations between intermediaries and clients", applicable from 2020;
- on December 2, 2022 EBA published an updated version of the document "Guidelines on sound remuneration policies"; and
- on November 24, 2021 Bank of Italy published the 17th update to Circular 285 on remuneration and incentive matters.

In 2021, in continuity with the past, UniCredit interacted with the Remuneration Committee external advisor which provided:

- recommendations on remuneration based on specific benchmarking analysis versus our defined peer group to inform any decision, also related to executives of the Group;
- analysis on emerging trends in market compensation practices;
- benchmarking analysis versus our defined peer group to inform any decision, also related to executives of the Group.

In 2021 and in the first months of 2022, UniCredit continued its annual structured dialogue with the international investors and proxy advisors, as well as national and European Banking Associations, receiving valuable feedback on the compensation approach and specific inputs for an effective compensation disclosure, considering Italian and international standards.

Moreover, to be noted a positive feedback gathered during the shareholders’ General Meeting held on April 15, 2021 on the Remuneration Report on 2020, with an approval percentage higher than 95%.

UniCredit also interacted with Regulators to properly consider issued recommendations.

The Remuneration Report, a document providing complete and comprehensive information on compensation, includes also this year details referring to:

- the activity of the Remuneration Committee and the corporate functions’ involvement in the compensation processes;
- remuneration processes and outcomes, including the implementation and outcome of the 2021 Group Incentive System, with specific details on the CEO compensation for 2021;
- a status update on the Group Long-Term Incentive Plans;
- the summary outcome and statistics of the Group Material Risk Takers identification process;
- remuneration data for the members of Administrative and Auditing bodies, General Managers and Executives with Strategic Responsibilities as well as broader remuneration data as required according to Pillar 3 disclosures.

In particular, data pursuant sect. 84-bis of legislative decree no. 58 of February 24, 1998 as well as to the provisions of the Italian Issuers Regulation No. 11971, Compensation Report-Section II (last modified under resolution no. 21623 of December 10, 2020), as well as the information on incentive systems under 114-bis are included in the attachments to the 2022 Group Remuneration Policy and Report, published on UniCredit website, in the section dedicated to the Shareholders’ Meeting.

1. Guidelines on sound remuneration policies under Article 74(3) and 75(2) of Directive 2013/36/EU and disclosures under Article 450 of Regulation (EU) No 575/2013.

2. Legislative decree no. 58 of February 24, 1998 as well as to the provisions of the Italian Issuers Regulation No. 11971, Compensation Report-Section II (last modified under resolution no. 21623 of December 10, 2020), as well as the information on incentive systems under 114-bis are included in the attachments to the 2022 Group Remuneration Policy and Report, published on UniCredit website, in the section dedicated to the Shareholders’ Meeting.
2. Governance

2.1 Report on the Remuneration Committee

» Description of the Remuneration Committee

The Remuneration Committee performs a fundamental role in supporting the Board for the oversight of Group Remuneration Policy and for the design of incentive plans. As established in the Corporate Bodies and Committees Regulation with regards to the composition of the Board committees, the Committee consists of three non-executive members. The Committee’s tasks are coordinated by the Chair chosen among its members.

The members of the Remuneration Committee, chosen based upon their expertise, were appointed on April 25, 2021, further to the appointment of the Board of Directors for the 2021 – 2023 financial years resolved by the Shareholders’ Meeting held on the same date. At the date of approval of this document, the Remuneration Committee is composed of Directors Ms. Jayne-Anne Gadhia (Chairwoman), Mr. Luca Molinari and Ms. Renate Wagner.

All members of the Committee in its current composition are independent according to the Section 13 of the Italian Decree issued by the Ministry of Economics and Finance no. 16/9/2010 (the “Decree”) and to Section 148 of the TUF, and the majority of them meets the requirements of independence provided for in the Italian Corporate Governance Code.

Further on, details on the independence of the members of the Committee are provided, in accordance with the Italian Corporate Governance Code, as well as with the Decree and the “TUF”.

All Committee’s members meet the experience requirements, in accordance with current legal and regulatory provisions and ensure that any further corporate offices they hold in other companies or entities (including foreign ones) are compatible with the commitment and availability required to serve as a member of the Committee. Some members have specific technical knowledge and experience on financial matters or remuneration policies.

Along the year, the members of the senior management team, and among them - as per Bank of Italy request - the Heads of the corporate control functions in Group Risk Management (Group Chief Risk Officer-CRO) and Internal Audit functions, attended Committees meetings with regard to the topics specified in the dedicated table. Moreover, the Head of Group People & Culture always attended the meetings of the Committee as a guest.

The Remuneration Committee - in performing its duties - has made use of the information received from the competent corporate functions, thanks to the support and collaboration of the heads of the corporate structures.

During the year, the spending requirements of the Committee were met by a specific budget. In particular, in 2021, by means of this budget, the Remuneration Committee availed itself with the services of Willis Tower Watson (WTW), for the first three-quarters, and of PricewaterhouseCoopers (PwC) from the third quarter onwards, managing the transition of the role as an external independent advisor, which provides advice on compensation practices and trends, as well as up-to-date remuneration benchmarking studies. The absence of situations/relationships that could compromise the autonomy (independence) of the consultant has been assessed in advance.

WTW has collaborated with the Committee since the end of 2018 and has been its independent advisor until the appointment of PwC. During their mandate, the external advisors’ representatives were invited to attend the meetings of the Committee, providing their independent opinion to the Remuneration Committee on the various topics in agenda.

The Chair of the Remuneration Committee at the first available meeting informed, with the help of appropriate documentation, the Board of Directors about the activities carried out in the meetings by the Committee itself.

The Remuneration Committee shared, at the end of their meetings, the discussed documentation with the Board of Statutory Auditors. Furthermore, in 2021, individual members of the Board of Statutory Auditors attended (on a six-monthly rotating basis) the meetings.

The following table summarizes the composition of the Committee in 2021 and, in addition to the information on the independence of the members, provides details regarding their attendance to the meetings that have been called during the year.

Further details are reported in the Report on corporate governance and the ownership structure published on the UniCredit website.

» Activities of the Committee 2021

In 2021, the Remuneration Committee met 16 times. The meetings had an average duration of about one hour and a half. From January 2022 to March 8, 2022, six meetings of the Committee have been held and it is expected that the Committee will meet 11 times in total in 2022. Each meeting of the Remuneration Committee is placed on record by the Secretary designated by the Committee itself.
**2.2 Role of Corporate Control Functions and other relevant functions**

Group Compliance function’s key contributions in 2021 included:
- evaluation of the 2021 Group Remuneration Policy and Report submitted to the Board of Directors for subsequent approval at the Annual General Meeting on April 15, 2021;
- evaluation of the 2021 Group Incentive System for Group Material Risk Takers;
- preparation - in collaboration with People & Culture function - and distribution of Group guidelines for the development and management of 2021 incentive systems for below Executive population;
- participation in specific initiatives of People & Culture function (e.g. review of KPI Bluebook; review of definition of Group Material Risk Takers for the application of Group Incentive System);
- analysis of specific non-standard compensation within the 2021 cycle.

In 2021, to ensure the link between compensation and risk, the Group Risk Management function was involved:
- in compensation design and in the definition of an explicit framework to develop remuneration within an overarching Group Risk Appetite Framework;
- in the definition/update of the Group Incentive System entry conditions;
- in the definition of KPIs, part of the KPI Bluebook, identified as risk-related;
- so that incentives in taking risk are appropriately counterbalanced by incentives in managing risk.

Additionally, the Group Chief Risk Officer was invited to attend Remuneration Committee meetings to ensure that incentive schemes are appropriately updated to take into account all of the risks that the Bank has taken on, pursuant to methodologies in compliance with those adopted by the Bank in managing risk for regulatory and internal purposes.

Group CFO function contributed to 2021 compensation processes mainly through the definition of:
- Group Incentive System entry conditions;
- bonus pool funding KPIs;
- performance Scorecard KPIs for Group Material Risk Taker population, also providing the relevant budget and actual data.

Furthermore, the Group Chief Financial Officer attended the Remuneration Committee meetings in occasion of the presentation of the company performance, which determines the size of the bonus pool.

In particular, the Board of Directors and Remuneration Committee drew upon the input of involved functions to define the link between profitability, risk and reward within Group incentive systems.

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**Internal Audit Report on Group Remuneration Policies and procedures**

Group Audit Department performed the annual audit on the Group remuneration policies and practices, requested by Bank of Italy, aimed at verifying the design and implementation of the remuneration process, as well as its compliance with relevant regulatory requirements and Group internal rules.

Internal Audit’s “Satisfactory” evaluation was driven by the correct application overall of the Group Incentive System, including the execution of decisions taken by UniCredit’s Remuneration Committee and Board of Directors.

In particular, this evaluation was driven by:

- participation of the Group Chief Financial Officer at the Remuneration Committee meetings in occasion of the presentation of the company performance, which determines the size of the bonus pool;
- participation of the Group Chief Risk Officer at the Remuneration Committee meetings in occasion of the presentation of the company performance, which determines the size of the bonus pool.

Internal Audit verified the overall correct implementation of 2021 Group Remuneration Policy and the application of Group Incentive System rules to Group Material Risk Takers. Internal Audit also verified, on a sample basis, the adequacy of specific aspects of the remuneration process, such as Group Material Risk Takers identification, goal setting, bonus pool calculation and distribution, procedures to comply with caps of the ratio between variable and fixed components of remuneration, performance appraisal, as well as the payment and deferral phase of the previous year’s incentive system.

Severances paid in 2021 were in line with the Group Termination Payments Policy and severance guidelines, and followed relevant escalation processes and, where necessary, the Remuneration Committee was correctly informed.

Main audit results were presented to the Remuneration Committee on March 7, 2022.

---

**MEMBERS IN OFFICE**

<table>
<thead>
<tr>
<th>Member</th>
<th>Independence</th>
<th>Executive</th>
<th>Off-Congress</th>
<th>No. of attended meetings</th>
<th>% of participation</th>
</tr>
</thead>
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<tr>
<td>Gadhia Jayne-Anne</td>
<td>C</td>
<td>M</td>
<td>C</td>
<td>12</td>
<td>100%</td>
</tr>
<tr>
<td>Molinari Luca</td>
<td>C</td>
<td>M</td>
<td>C</td>
<td>12</td>
<td>100%</td>
</tr>
<tr>
<td>Wagner Renate</td>
<td>C</td>
<td>M</td>
<td>C</td>
<td>11</td>
<td>92%</td>
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</table>

**MEMBERS NO LONGER IN OFFICE**

<table>
<thead>
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<th>Member</th>
<th>Independence</th>
<th>Executive</th>
<th>Off-Congress</th>
<th>No. of attended meetings</th>
<th>% of participation</th>
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</thead>
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<tr>
<td>Andreotti Lamberto</td>
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</tr>
<tr>
<td>Carletti Elena</td>
<td>C</td>
<td>M</td>
<td>C</td>
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<tr>
<td>De Giorgi Diego</td>
<td>C</td>
<td>M</td>
<td>C</td>
<td>2</td>
<td>50%</td>
</tr>
</tbody>
</table>

A Office held since April 15, 2021
B Office held until April 15, 2021
C Chairman
M = Member

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3. Remuneration Processes and Outcomes

3.1 2021 Incentive System implementation and outcomes

The 2021 System, approved by UniCredit Board of Directors on January 13, 2021, provided for a "bonus pool" approach that directly links bonuses with company results at Group and country/division level and ensures a strong connection between profitability, risk and reward. Such a system, implemented within the framework of the policy and governance, provides for the allocation of a performance related bonus in cash and/or free ordinary shares over up to six years.

UniCredit’s annual incentive system is designed to align the interest of shareholders and management and to reward for performance.

The 2021 Budget Bonus Pools approved in January 2021, as part of the annual Group Incentive System, were based on 8 pools: CB Italy, CB Germany, HVB Subgroup, CB Austria, CB, CEE, CED Functions, CDO. The new organisational structure announced in 2021 envisages 5 perimeters reflected in the official Group segment reporting since the third quarter of 2021: Italy, Germany, Central Europe, Eastern Europe, Group Corporate Center. As a consequence, the following former perimeters were impacted from the reorganization:

- CIB was split in Italy, Germany and Central Europe following the official Group segment reporting.
- CDO was split in CDO Group moving to Group Corporate Center and CDO Italy moving to Italy Division;
- Austria moved to Central Europe.

> Bonus pool sizing

The bonus pools dimension for each of the five clusters was related to the actual profitability measures multiplied by the bonus pool funding rate defined in the bonus pool rules. This calculation determined the so-called "theoretical bonus pool" for each cluster that is adjusted accordingly to the actual trend of performance of the respective segment.

> 2021 Entry Conditions at group and local level

In order to align to regulatory requirements, specific indicators measuring annual profitability, capital and liquidity results had been set at both local and Group level as Entry Conditions. In particular, risk metrics and thresholds for the 2021 Group Incentive System as defined within the Entry Conditions - that confirm, reduce or cancel upfront and deferred payouts - included:

- Underlying NOP to measure profitability, Net Operating Profit adjusted excluding any extraordinary item as considered appropriate by the Board of Directors;
- Underlying Net Profit to measure profitability, considering the results stated in the Financial Statement excluding any extraordinary item as considered appropriate by the Board of Directors;
- Pillar 1 capital ratios: the Minimum Regulatory Targets are the levels of capital set following the SREP process (Supervisory Review and Evaluation Process) coordinated by the European Central Bank. These levels include, in addition to Pillar 1 and Pillar 2 requirements, the combined buffer requirement applicable and the Pillar 2 Guidance. The Pillar 2 Guidance is set above the level of binding capital requirements (MDA Trigger) and a failure to meet this threshold does not result in automatic actions by Authorities but will be used in fine-tuned measures based on the individual situation of the bank;
- Liquidity Coverage Ratio that ensures that bank maintains an adequate level of unencumbered “High Quality Liquid Assets” in a sufficient quantity to cover the overall net cash outflows, over a period of thirty days, under severely stressed conditions specified by Supervisors;
- Net Stable Funding Ratio that is defined as the amount of available stable funding relative to the amount of required stable funding, measured under a long-term perspective, the sustainability terms of maturities between asset and liabilities.

According to the actual results, approved by the Board of Directors on January 27, 2022, the relevant Entry Conditions have been achieved both at Group level and local level as reported in the picture below.

> 2021 Group Incentive System rules application

As a consequence of Entry Conditions positive assessment both at Group and local level, all the five bonus pools are in the fully open (100%) scenario.

2021 Group Incentive System rules therefore have been applied.

For each segment, the theoretical bonus pool value has been calculated applying the funding rate percentage to the actual profitability results.

The CRO “Multiplier”, even though positive for all the bonus pool clusters, was activated only for the Italy Division.

In this context, the Remuneration Committee resolved to submit to the Board of Directors’ approval bonus pool amounts grounded on performance results. In particular, the proposal submitted to the Board resulted in total bonus pool amount slightly lower than the total theoretical value (depending on the funding rate which was extremely positive vs. the budget) to take into consideration the broader context.

> Bonus pool distribution by segments

The results of the above-mentioned steps, laid to the distribution of the bonus pool for the Group Material Risk Taker population (1,121 resources in 2021), as reported below, fully consistent with the company performance in terms of Underlying NOP.

For 2022, UniCredit Board of Directors took into consideration the Remuneration Committee’s proposals and regulatory guidelines regarding variable remuneration.

The assessment related to remuneration decisions, as in previous years, has been supported by a strict Group governance process in order to guarantee consistency and transparency towards all parties involved in the decision-making process.

The total amount of variable compensation for Group Material Risk Takers, detailed in paragraph 4.2, is sustainable given the bank’s financial position, does not limit the bank’s ability to hold an adequate level of capital and liquidity and in line with EC.

2021 Bonus distribution for GMRT

![Bonus distribution chart](chart_url)

2019 2020 2021
ITALY GERMANY CENTRAL EUROPE EASTERN EUROPE GROUP CORPORATE CENTER

CB: Corporate & Investment Banking.

Details

For further details on the execution of the 2022 Group Incentive System and the deferrals of previous years’ Plans, refer to Paragraph 4.2 and to the attachment to 2022 Group Remuneration Policy and Report, published on the UniCredit website, in the section dedicated to 2022 Shareholder’s Meeting.
3.2 2021 fixed and variable compensation for the Chief Executive Officer

In a competitive market environment, UniCredit was able to attract a highly successful senior banking leader for the Chief Executive Officer role, to improve the Bank’s competitive position, consistently with the new strategy. In April 2021, Andrea Orcel was appointed Chief Executive Officer of UniCredit. His compensation package for 2021 included a fixed component as well as a sign-on share-based award in lieu of any bonus payment for the year.

Considering the transitional nature of 2021, where the focus was on developing a new Strategic Plan for the Group, it was not possible to assign meaningful performance goals to the CEO for 2021. In light of this, and in order to foster full alignment of interests between the CEO and shareholders from the outset, the Board of Directors, in agreement with the CEO, approved the sign-on share award.

Representing the only variable remuneration awarded for 2021, the award was payable in two tranches, and subject to minimum prudential requirements at the time of payment as well as holding requirements, ensuring full compliance with the Group share ownership guidelines.

With reference to 2021 and in line with 2023 Group Remuneration Policy provisions, Mr. Orcel received:

- a fixed remuneration of overall € 2.5 million that was paid on a pro-rata temporis basis starting from 15 April 2021 and split for 80% under an open-ended executive employment contract and 20% as directorship fees;
- a variable pay of € 5 million, represented by the above-mentioned equity award. The monetary value was converted into shares at the price of € 7.403, this being the official market price of UniCredit shares on January 25, 2021.

3.3 Group Long-Term Incentive Plans status update

> 2017-2019 Group Long-Term Incentive Plan

All malus conditions for the second year of deferral were fulfilled, therefore the tranches vesting in 2021 were confirmed.

> 2020-2023 Group Long-Term Incentive Plan

An update on the LTI Plan progress status was provided to the Remuneration Committee on January 28, 2022. All the entry conditions (gateways & risk adjustment) were met in 2021.

To illustrate the progress status, and with no impact on final assessment, 2020-2021 average results on the LTI KPIs are:

- NPE Ratio "Core" 3.7%;
- Expected Loss new business flow 0.26%;
- QoEx 9.8 bn;
- ESG Sustainalytics Rating 4th in ranking at the end of 2021;
- Customer Experience +7 pts. vs. competition at the end of 2021;
- People Engagement 70 pts.

The actual evaluation of the overall LTI Plan, including the appraisal of performance targets, will be carried out at the end of the four-year performance period (i.e. the calendar day immediately preceding the date on which the employment terms had been agreed by the parties). The award is payable in two tranches: 66% (corresponding to 444,743 shares) in the course of 2022 and 34% (corresponding to 229,110 shares) in 2023. The payments are conventionally subject, in addition to prudential regulatory requirements, to malus / claw-back in case of serious personal compliance breaches and/or gross negligent conduct. The entitlement to receiving the deferral payments is maintained even in case of termination of the contract for any reason other than willful misconduct or gross negligence.

Mr. Orcel’s compensation package for 2021 did not include any other entitlement in terms of variable or fixed compensation, sign-on bonus or buy-out of pre-existing deferrals from previous employment.

Mr. Orcel was also entitled to receive some fringe benefits, as foreseen by UniCredit policies, whose value is included in the reporting filed according to Consob requirements.

The terms and conditions for the former CEO’s - Mr. Jean Pierre Mustier - termination have been already disclosed in the 2021 Remuneration Report. For 2021, he received the pro-quota fixed remuneration up to 10th February 2021, the date on which he stepped down from the CEO and General Manager offices.
3.4 Group Material Risk Takers identification process outcomes

The second cycle Group Material Risk Takers (GMRT) identification process led to the identification of 1,121 GMRTs (268 of which new compared with last year and 253 identified for the first time), resulting in 59 individuals more than the Group Material Risk Takers at the end of 2020. Approximately 450 individuals (see also chart below) amongst the total of Group Material Risk Takers belong to the Business Functions, for whom the adoption of a maximum ratio between variable and fixed remuneration of 2:1 can be applied.

Group Material Risk Taker population represented ca. 1.4% of the Group employee population, with this outcome being broadly in line with the results of 2020 process and slightly above the peers median.

At the end of 2021, there were no Agents and Financial Advisors identified within the Group Material Risk Takers as per EBA qualitative criteria (in 2020 an exclusion process for 6 agents and financial advisors was activated and completed).

The outcome of the second cycle of the 2021 GMRT identification process has been approved by the Board of Directors on March 8, 2022 as included in this Remuneration Report.

Here below a representation of 2021 Group Material Risk Taker population.

2021 Group Material Risk Taker Distribution

Geographical distribution of the Group Material Risk Taker:

<table>
<thead>
<tr>
<th>Division</th>
<th>CAP &lt;=100%</th>
<th>CAP &gt;100%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>204</td>
<td>76</td>
</tr>
<tr>
<td>Central Europe</td>
<td>161</td>
<td>7</td>
</tr>
<tr>
<td>Eastern Europe</td>
<td>55</td>
<td>16</td>
</tr>
<tr>
<td>Corporate Center</td>
<td>39</td>
<td>6</td>
</tr>
<tr>
<td>Italy</td>
<td>31</td>
<td>5</td>
</tr>
<tr>
<td>Austria</td>
<td>45</td>
<td>8</td>
</tr>
<tr>
<td>Other countries</td>
<td>29</td>
<td>2</td>
</tr>
</tbody>
</table>

4. 2021 Remuneration Data

4.1 Compensation to Directors, Statutory Auditors and Executives with Strategic Responsibilities

4.1.1 Board of Directors

The Ordinary Shareholders’ Meeting held on April 15, 2021 appointed UniCredit’s Board of Directors for the financial years 2021–2023 whose mandate expires upon approval of the 2023 financial statements. The Board thus elected is chaired by Mr. Pietro Carlo Padoan.

The Shareholders’ Meeting of April 15, 2021 also approved the proposal, made by the outgoing Board, to grant to the members of the Board and its Committees an overall annual compensation of €1,805,000, of which €1,170,000 aimed at remunerating the members of the Board and €635,000 the members of the Board’s Committees.

The same Shareholders’ Meeting had also approved the granting of an attendance fee for the participation to each Board and Committee meeting formally convened, differentiated as reported below:

- Board of Directors and Internal Controls & Risks Committee: €1,000 in case of physical presence of the Director;
- other Board Committees: €800 in case of physical presence of the Director;
- Board and Board Committees: €400 if the participation of the Director occurs through remote communication means.

The proposal was drawn taking into consideration, inter alia, the following elements:

- the reduction of the number of Directors to 13;
- the market reference data (benchmark) - provided by Willis Towers Watson, a primary independent consultant - related to the remuneration of the members of the administrative body and board committees of the UniCredit’s peer group and the major companies within the FTSE MIB financials. Such data showed, inter alia, that the positioning of the compensation that was proposed for the members of the Board was consistent with the 2021 Group Remuneration Policy, subject to approval in the same Ordinary Shareholders Meeting;
- the different commitment requested in relation to the activities of the single Committees, in terms both of time commitment and span of the activities falling within their area of competence.

According to the precautionary health and safety measures adopted by UniCredit within the Covid-19 emergency, in 2021 the attendance to the meetings was allowed both in person and remotely. The presence to the meetings was rewarded with the physical presence fees.

It is recalled that members of the Board of Directors benefit from an insurance policy covering the third-party liability, inclusive of the related defense costs, of Directors and Officers (D&O). Such policy is renewed annually, based also on the authorization granted by the Shareholders’ Meetings, lastly on April 15, 2021.

The policy currently in place, valid for the period 16/05/2021 – 15/05/2022, envisages a maximum overall coverage of €160 million and implies a cost, borne by the Bank, of €10,293 for each director or auditor of UniCredit S.p.A. The overall cost for the whole Board of Directors amounts therefore to €13,809. Adding up the corresponding cost for the Board of Statutory Auditors (€51,465), the overall amount borne by the Bank for its corporate bodies corresponds to €385,274, versus a maximum amount authorized by the Shareholders’ Meeting of €250,000. The value of the D&O Policy may represent, depending on fiscal regulations, a taxable fringe benefit for the beneficiaries.

The above overall compensation was then split by the new Board, that - in compliance with Clause 26 of the Articles of Association - also defined the remuneration of Directors holding specific roles vested with particular offices pursuant Art. 2389, 3rd paragraph, of the Italian Civil Code.

Specifically, these retainers defined by the Shareholders’ Meeting were allocated as follows:

- €90,000 for each Board member;
- €50,000 for each member of the Internal Controls and Risks Committee;
- €35,000 for each member of the Remuneration, Corporate Governance Nomination & Sustainability and Related Party Committees. Upon creation of the ESG Committee in the course of 2021 the same retainer was subsequently allocated to the members of such Committee, without anyhow increasing the overall spending in view of a restructuring of the numerical composition of the other Committees.
Moreover, heard the opinion of the Board of Statutory Auditors, the Board defined the following special remuneration in art. 2389, 3rd paragraph of the Italian Civil Code:

- € 789,000 for the Chair of the Board of Directors, in addition to an insurance for non-occupational accidents;
- € 410,000 for the Chief Executive Officer;
- € 100,000 for the Chair of Internal Controls & Risks Committee;
- € 10,000 for the Chairs of the other Committees.

As required by the Supervisory Regulations of the Bank of Italy, the level of remuneration for the Chair of the Board of Directors did not exceed the fixed component of the one received by the Chief Executive Officer.

Finally it is recalled that the overall remuneration of the Chief Executive Officer, including the remuneration from employment as General Manager and net of the attendance fees for the participation to Committee meetings, in 2021 was equal to € 7,150,000, on a full year basis.

4.1.2 Board of Statutory Auditors

The Board of Statutory Auditors in office during 2021 was appointed on April 11, 2019 by the ordinary Shareholders’ Meeting for three financial years 2019-2021, and its term runs until April 8, 2027, the date of the Shareholders’ Meeting called for the approval of the 2021 Financial Statements.

The outgoing Board of Statutory Auditors had provided the 2019 Shareholders’ Meeting with information on the time commitment required to carry out their functions. This commitment, for 2018, amounted to 77 days, equal to 636 hours (98 days, equal to 784 hours, as to the Chair). The same kind of information is meant to be provided to the Shareholders for the appointment and definition of the remuneration of the Board of Statutory Auditors during the 2022 Shareholders’ Meeting.

In the Shareholders’ Report, it was also reminded that the new Board of Statutory Auditors would have also performed the functions assigned to the Supervisory Board pursuant to Legislative Decree no. 231 of June 8, 2001, and that, consequently, in the Profile of UniCredit S.p.A. proposed to the Shareholders’ Meeting, which approved, an annual remuneration of:

- € 170,000 for the Chair of the Board of Statutory Auditors;
- € 125,000 for each permanent Auditor;
- plus an attendance fee of € 400 for every meeting of the Board of Statutory Auditors and an attendance fee of € 400 for any other meetings of a company body attended. Such remuneration was consistently awarded to the Board of Statutory Auditors in 2021.

The current Board of Statutory Auditors expires with the approval of the 2021 Financial Statements for and the April 8, 2022 ordinary Shareholders’ Meeting will approve a new one, defining at the same time the relevant remuneration.

4.1.3 Executives with Strategic Responsibilities

In the context of the Group reorganization and new top management composition, in order to optimize the Group governance framework. On the basis of the revised organizational structure, the Board of Directors identified the following roles as Executives with Strategic Responsibilities: Chief Audit Executive; GEC Members having a direct and significant impact on Group strategy (Group CEO, Head of Italy, Head of Central Eastern Europe, co-Chief Operating Officers, Head of Finance & Controls, Head of Group Human Capital, Group Risk Officer, Group Compliance Officer, Group Legal Officer and Chief Audit Executive).

Before such an update of the definition, the Executives with Strategic Responsibilities were represented by the Senior Executive Vice Presidents directly reporting to the Board of Directors or to the CEO. Therefore, at the beginning of 2021, the aggregate of Executives with Strategic Responsibilities was composed as follows: Group CEO, co-Heads of Western Europe, co-Heads of Central Eastern Europe, co-Chief Operating Officers, Head of Finance & Controls, Head of Group Human Capital, Group Risk Officer, Group Compliance Officer, Group Legal Officer and Chief Audit Executive.

In the interim period between the implementation of the new organizational structure, announced on 12 May 2021, and the approval of the above mentioned definition, the aggregate included: Head of Italy, Head of Germany, Head of Central Europe, Head of Eastern Europe, Head of Corporate & Investment Banking, Chief Financial Officer, Group Digital & Information Officer, Group Operating Officer, Group Risk Officer, Group Compliance Officer, Group Legal Officer and Chief Audit Executive.

Pay-mix

For 2021, according to the Group Remuneration Policy, in line with regulatory provisions, the maximum ratio between variable and fixed compensation has been defined ex-ante for the Group CEO (the sole executive director sitting on the Board of Directors and employee of the Company) and the other Executives with Strategic Responsibilities. The balance between variable and fixed components has been defined considering also the company’s strategic goals, risk management policies and other elements influencing the business of the company.

With reference to the following table, for Executives with Strategic Responsibilities it is specified that:

- the fixed component was defined taking into consideration market information and in such a way to be sufficient to reward the activity rendered even if the variable part of the remuneration package was not paid due to non-achievement of performance goals;
- for 2021 only, the Chief Executive Officer remuneration included a sign-on share-based award, representing the full variable remuneration for 2021, whose terms and conditions have been disclosed in section 3.2 above. Such award is payable in two tranches, not subject to performance conditions, matu or claw-back, while subject to minimum prudential requirements, at the time of payment and holding requirements, therefore allowing him to be compliant with the Group share ownership guidelines.

The proposed remuneration structure for 2021 was strictly linked to the first year of the mandate. The CEO fixed remuneration will remain unchanged for 2022, while the variable remuneration will be determined based on to the new Incentive System;

- in line with the latest regulatory requirements, the other Executives with Strategic Responsibilities have a balanced part of their remuneration linked to the economic results of UniCredit, taking into consideration the overall profitability, weighted by risk and cost of capital, as well as sustainability goals (based on capital and liquidity ratios).

Considering the Group reorganization and the creation of the Group Executive Committee, the compensation of certain Executives with Strategic Responsibilities, either newly hired or who significantly changed their role, was reviewed during the year.

With reference to the variable component and the weight of short-term and long-term components, the last one represented by the 2020-2023 LTI Plan tied to the Strategic Plan 2.3, the compensation pay-mix for Executives with Strategic Responsibilities in 2021 was:

- for the Business Functions, the Group Operating Officer and Group Legal Officer fairly balanced in terms of LTI and STI;
- for the Heads of Corporate Control Functions based on STI (since LTI is not foreseen for them);
- for the Digital & Information Officer and Group People & Culture Officer, based on STI (since they were hired during 2021, after the launch of the 2020-2023 LTI Plan).

Goals

In light of the above, the annual incentive took into consideration the achievement of specific goals which were previously approved by the Board upon approval of the Compensation Committee and the opinion of the Board of Statutory Auditors and the Internal Controls & Risks Committee, as appropriate.

Specific individual goals were set out taking into consideration the market practices and the role assigned within the Group, through the systematic use of specific indicators aimed at strengthening the sustainability of business, such as the customer satisfaction, risk and financial sustainability indicators and capital measures.

For the Heads of the Corporate Control Functions, pursuant to the provisions of Bank of Italy, the goals were established by the Board of Directors in line with the tasks assigned to them and assisting goals linked to Bank’s performance. In the decision making process related to Corporate Control Functions, the Board of Statutory Auditors and the Internal Controls & Risks Committee were also properly involved.

Specifically for 2021, the individual goals of the Heads of Internal Audit, Compliance, Risk Management (ERM), Group People & Culture and the Manager in charge of preparing the company’s financial reports were not connected to the Company’s performance.

In relation to the recent reorganization following the creation of the new GEC, a review of the 2021 Goal setting for the Executives with Strategic Responsibilities (especially for new hires and people who changed role) was necessary. Such review was aimed at ensuring alignment of the top management during this transition year, reflecting the new organizational changes and renewed call to action.
In compliance with Group and Regulatory requirements.

**Payout**

In line with Group governance, 2021 assessment and payment for the Executives with Strategic Responsibilities have been reviewed by the Remuneration Committee and approved by the Board of Directors, heard the Statutory Auditors and Internal Controls & Risks Committee as relevant.

It was foreseen the deferral/holding of ca. 75-80% of the incentive over 5 years, in cash and shares. All the Installments are subject to the application of malus and claw-back conditions, as legally enforceable.

Approximately 55% of the overall incentive is paid in UniCredit shares, whose number to be allocated in the respective installments are defined on the basis of the arithmetic mean of the official market price of UniCredit ordinary shares during the month preceding the Board to which the bonuses are submitted, after having evaluated performance achievements.

For further information on individual allocation related to the 2021 Group Incentive System, refer to the 2021 Group Remuneration Policy, for further information on individual allocation related to the 2021 achievements.

For ~76% of the Executives the levels are already in line with the guidelines’ requirements (the remaining Executives are below the threshold but accumulating shares).

In the following charts the synthetic information regarding the perceived remuneration for 2021 by the Directors, Statutory Auditors and Executives with Strategic Responsibilities is shown.

### Shareholding requirements

For the CEO and for other Executives with Strategic Responsibilities, share ownership guidelines are in place, further details in Section I, paragraph 5.1. For them and for all the other Executives to whom the guidelines apply, share ownership levels have been verified at the beginning of November 2021.

For ~76% of the Executives the levels are already in line with the guidelines’ requirements (the remaining Executives are below the threshold but accumulating shares).

### 2021 Compensation to Directors, Statutory Auditors and Executive with Strategic Responsibilities

<table>
<thead>
<tr>
<th>Beneficiaries</th>
<th>Remuneration component</th>
<th>Approved by</th>
<th>Amount</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Executive Directors</td>
<td>Only fixed compensation</td>
<td>Shareholders’ Meeting of April 15, 2021.</td>
<td>€ 1,790,000 of which € 1,170,000 aimed at remunerating the members of the Board and € 620,000 as remuneration of the members of the Board’s Committees.</td>
<td>The compensation is determined on the basis of the importance of the position and the time required for the performance of the tasks assigned.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>The remuneration is not linked to the economic results achieved by UniCredit, non-executive directors and statutory auditors do not take part in any incentive plans based on stock options or generally, based on financial instruments.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>According to the precautionary health and safety measures adopted by UniCredit within the Covid-19 emergency, in 2021 the attendance to the meetings was allowed both in person and remotely. The presence to the meetings was rewarded with the physical presence fees.</td>
</tr>
<tr>
<td>Statutory Auditors</td>
<td>Only fixed compensation</td>
<td>Shareholders’ Meeting of April 14, 2016.</td>
<td>€ 1,395,000 for each year of activity, split between:</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• for the Chairman of Board of Statutory Auditors: € 170,000;</td>
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<td></td>
<td></td>
<td></td>
<td>• for each permanent Auditor: € 125,000;</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>• € 170,000 and € 125,000 as compensation for the physical presence fees.</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>• € 400 attendance fee for participating to each meeting of the Statutory Auditors, of the Bd and of the Board Committees.</td>
<td></td>
</tr>
<tr>
<td>Executives with Strategic Responsibilities</td>
<td>Fixed and variable compensation</td>
<td>Board of Directors.</td>
<td>2021 compensation level on a full year basis:</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• for the CEO: € 2,500,000 fixed;</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• for the other Executives with Strategic Responsibilities:</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• € 10,218,000 fixed;</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• € 10,716,000 variable*</td>
<td>For 2021, the maximum ratio between variable and fixed compensation is:</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• 200% for the CEO; the GM and for the Executives with Strategic Responsibilities, responsible for financial instruments.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• 150% for the other Executives with Strategic Responsibilities;</td>
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</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• 100% for the other Executives with Strategic Responsibilities.*</td>
<td></td>
</tr>
</tbody>
</table>

* Assumes 100% achievement for the Group Financial Report fiscal year.
2021 Compensation paid to members of the administrative and auditing bodies, to general managers and to other executives with strategic responsibilities.

### Compensation to Directors

<table>
<thead>
<tr>
<th>Board of Directors</th>
<th>Name</th>
<th>Full remuneration</th>
<th>Total fixed comp.</th>
<th>Variable compens.</th>
<th>Other compens.</th>
<th>Fair value of equity</th>
<th>Delta 2021</th>
<th>Total 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairman</td>
<td>Pier Carlo Padoan</td>
<td>296,791</td>
<td>273,791</td>
<td>23,000</td>
<td>7,500</td>
<td>176,400</td>
<td>176,400</td>
<td></td>
</tr>
<tr>
<td>Member</td>
<td>Lamberto Andretti</td>
<td>189,026</td>
<td>188,806</td>
<td>1,220</td>
<td>9,000</td>
<td>139,859</td>
<td>139,026</td>
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</tr>
<tr>
<td>Member</td>
<td>Jean Pierre Aubry</td>
<td>194,181</td>
<td>194,181</td>
<td>0</td>
<td>0</td>
<td>194,181</td>
<td>194,181</td>
<td></td>
</tr>
<tr>
<td>Member</td>
<td>Adenos Cotti - CEO</td>
<td>961,190</td>
<td>960,190</td>
<td>0</td>
<td>0</td>
<td>1,000,000</td>
<td>1,000,000</td>
<td></td>
</tr>
<tr>
<td>Member</td>
<td>Mohamed Harati Al Heliawi</td>
<td>1,000,000</td>
<td>1,000,000</td>
<td>0</td>
<td>0</td>
<td>1,000,000</td>
<td>1,000,000</td>
<td></td>
</tr>
<tr>
<td>Member</td>
<td>Sergio Balzarini</td>
<td>21,275</td>
<td>21,275</td>
<td>0</td>
<td>0</td>
<td>23,753</td>
<td>23,753</td>
<td></td>
</tr>
<tr>
<td>Member</td>
<td>Vincenzo Calello</td>
<td>151,026</td>
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Total Board of Directors: 5,349,985, 75,212 and 6,9264, 5,386,000, 4,811,776

### Compensation to the Board of Statutory Auditors

<table>
<thead>
<tr>
<th>Board of Statutory Auditors</th>
<th>Name</th>
<th>Full remuneration</th>
<th>Total fixed comp.</th>
<th>Other compens.</th>
<th>Fair value of equity</th>
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<tbody>
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<td>Chairman</td>
<td>Marco Biggelli</td>
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<td>Member</td>
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<td>Angelo Marco Bercellato</td>
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<td>Member</td>
<td>Giusi Papalini</td>
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</tr>
</tbody>
</table>

Total Board of Statutory Auditors: 1,010,500, 51,466, 96,466

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* The total compensation for committee participation and extraordinary tasks.

** The "Fair value of equity compensation" does not represent a value actually paid to the beneficiaries of equity plans, being instead the cost that the Company is booking - on an accrual basis and during the vesting period - in consideration of the provisional of the instruments based on financial instruments.

### Development of CEO and Directors Total Remuneration, Average Employee Remuneration and Company Performance

<table>
<thead>
<tr>
<th>KPI</th>
<th>Accounting year</th>
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<tr>
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<td>2019</td>
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<td>CEO comp. Accountable</td>
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<tr>
<td>Former CEO Executive Officer</td>
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<tr>
<td>Member of the Board of Directors</td>
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<tr>
<td>Member of the Statutory Auditors</td>
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</tbody>
</table>

For further details, refer to the Annex 1 document attached to the 2022 Group Remuneration Policy and Report, published on the UniCredit website, in the section dedicated to the Shareholders’ Meeting.
FOCUS

Severance Payments - Members of the Board of Directors, General Managers and other Executives with Strategic Responsibilities

During 2021, no indemnities and/or other benefits were allocated for the termination of office or termination of employment of the members of the administrative and control bodies.

The terms set for the termination of the relationship with the former General Manager and Chief Executive Officer, Mr. Jean Pierre Mustier, were disclosed to the market in press releases issued on December 21, 2020, and February 10, 2021, as well as in the 2021 Remuneration Report.

The terms of the exit agreement were disclosed in a Press Release issued on December 21, 2020, and February 10, 2021, as well as in the 2021 Remuneration Report.

The terminations of 5 other former Executives with Strategic Responsibilities - that occurred in the course of 2021 further to the implementation of the new organizational setup announced by the Bank on May 12, 2021 - were managed in strict compliance with the provisions of the Group Termination Payments Policy.

None of the Directors have contracts containing clauses envisaging the payment of indemnities, or the right to keep post-retirement benefits, in the event of resignations or dismissal/revocation without just cause or if the employment relationship is terminated following a public purchase offer. In case of early termination of the mandate, the ordinary law provisions would therefore apply.

The individual employment, as Executive, of the former Chief Executive Officer, Mr. Jean Pierre Mustier, was governed - also with regards to the event of resignation, dismissal/revocation or termination - by the ordinary provisions of the law and National Labor Agreement for Banking Industry Executives dated July 13, 2015.

The aforementioned relationship was terminated at the end of February 2021 without any termination payment other than those strictly due under the law or collective agreement, the so-called “termination fees”.

The terms of the exit agreement were disclosed in a Press Release issued on December 21, 2020 pursuant to the Corporate Governance Code.

The employment, as Executive, of the current Chief Executive Officer, Mr. Andrea Orcel, is governed - also with regards to the event of resignations, dismissal/revocation or termination - by the ordinary provisions of the law and National Labor Agreement for Banking Industry Executives, the Collective Labor Agreement for Banking Industry Executives, the provisions of the law and National Labor Agreement for Banking Industry Executives dated July 13, 2015, complemented by some specific provisions contained in his individual contract that, in particular, provide for:

- an indemnity in lieu of notice equal to 12 months of aggregate compensation, calculated conventionally including also the director’s fees and considering, for the purposes of the Italian Collective Labor Agreement for Banking Industry Executives, the seniority already accrued within the banking sector in executive positions
- the right to keep any possible deferred compensation at the time of termination, except in case of layoff for cause or if Mr. Orcel, within 6 months from termination, should start a new employment or directorship with a direct competitor of UniCredit listed in a specific annex.

Non-executive Directors do not receive, within incentive plans, UniCredit subscription rights.

For Directors currently in office, provisions do not exist regarding the establishment of advisory contracts for a term following the termination of the directorship, nor the right to keep post retirement perks. No agreements exist either providing compensation for non-competition undertakings.

4.2 Granular Remuneration Data

Total compensation policy for non-Executive Directors, Group Material Risk Takers and for the overall Group employee population shows in particular how:

- remuneration of the non-Executive Directors, as approved by the AGM, does not include variable performance-related pay;
- variable remuneration for Group Material Risk Takers is in line with their strategic role, regulatory requirements and pay for performance culture;
- the general employee population is offered a balanced pay-mix in line with the role, scope and business or market context of reference.

Group Material Risk Takers

During 2021 the Group Material Risk Takers list has been constantly updated, taking into account resources turnover and hiring and organizational changes review process, bringing the amount of Material Risk Takers to 1,121, by the end of the year.

Group overall population

The total compensation costs at Group level amounted at 6,022 million € in 2021, out of which the variable compensation amounted to 503 million €7.

Compensation pay-mix by cluster of population/type of business

A. Italy, Germany and Austria business divisions (i.e. excluding local Corporate Centers and local Digital & Operations), CE & EE Countries.
B. Corporate center Global, Digital & Operations, the Local Corporate Centers and local Digital & Operations of Italy, Germany, Austria.
C. Net of one-off releases.
2.2 Material Risk Takers: Pillar 3 disclosures on Group Material Risk Takers and remuneration and disclosures on the highest-paid employees

This section contains a number of disclosures in accordance with Article 450 of the Capital Requirements Regulation (CRR)8.

Specifically, with reference to table REM 3, the vested component of variable remuneration from previous years refers to cash and equity awards to which the right has matured as the performance conditions have been achieved:

- the vested components in cash refer to 2016, 2018, 2019 and 2020 Group Incentive Systems and, if present, to other forms of variable remuneration;
- the vested components in shares refer to 2016, 2017, 2018, 2019 and 2020 Group Incentive Systems and, if present, to other forms of variable remuneration.

Instead, the vested components refer to previous years and show cash and equity awards to which the right has yet to mature and for which any potential future gain has not been realized and remains subject to future performance:

- the unvested components in cash refer to 2017, 2018, 2019 and 2020 Group Incentive Systems and, if present, to other forms of variable remuneration;
- the unvested components in shares refer to 2017, 2018, 2019 and 2020 Group Incentive Systems and, if present, to other forms of variable remuneration.

Variable remuneration paid with reference to 2021 previous years includes payouts based on demonstrated multi-year performance achievements related to Group Incentive Systems plans and, if present, to other forms of variable remuneration.

Table REM 3.只为中rians on their remuneration policies and how they implement these policies in particular the followings paragraphs, whenever relevant, shall be read before

8. In this context, identified staff and Material Risk Takers are used interchangeably.
Section II
Remuneration Report - 4. 2021 Remuneration Data

2022 Group Remuneration Policy and Report

UniCredit • 2022 Group Remuneration Policy and Report
Section II
Remuneration Report - 4. 2021 Remuneration Data

Remuneration Report - 4. 2021 Remuneration Data

2022 Group Remuneration Policy and Report • UniCredit
2022 Group Remuneration Policy and Report

Template EU REM1 - Remuneration awarded for the financial year

<p>| | | |</p>
<table>
<thead>
<tr>
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<tbody>
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<tr>
<td></td>
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</tr>
</tbody>
</table>

Data in €-K

Note: the fixed payments are referred to as of 31/12/2021 for current SHAREs employed, while for the SHAREs who left the company, during 2021, fixed payments are referred to the last working day as per last known address. The variable remuneration includes bonus, bonus unchanged, non-constant remuneration, and other payments and benefits as follows:

1  Number and remuneration of SHAREs Supervisory function are only reported as representative in Consilium table.
2 Value related to a sub-set of benefits - accommodation, company car, health insurance, integrative pension fund, and schooling (newly inserted from this year) assigned according to Group/Local Policies. For new hirings and terminated employees pro-quota values were considered.

Section II
Remuneration Report - 4. 2021 Remuneration Data

Template EU REM1 - Directors remuneration:

| | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | | | |

Note: Remuneration data are as of 31/12/2021 for current SHAREs employed, while for the SHAREs who left the company, during 2021, fixed payments are referred to the last working day as per last known address. The variable remuneration includes bonus, bonus unchanged, non-constant remuneration, and other payments and benefits as follows:

1  Number and remuneration of SHAREs Supervisory function are only reported as representative in Consilium table.
2 Value related to a sub-set of benefits - accommodation, company car, health insurance, integrative pension fund, and schooling (newly inserted from this year) assigned according to Group/Local Policies. For new hirings and terminated employees pro-quota values were considered.

Section II
Remuneration Report - 4. 2021 Remuneration Data

Template EU REM4 - Remuneration of 1 million EUR or more per year

| | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | | | |

Note: Remuneration data are as of 31/12/2021 for current SHAREs employed, while for the SHAREs who left the company, during 2021, fixed payments are referred to the last working day as per last known address. The variable remuneration includes bonus, bonus unchanged, non-constant remuneration, and other payments and benefits as follows:

1  Number and remuneration of SHAREs Supervisory function are only reported as representative in Consilium table.
2 Value related to a sub-set of benefits - accommodation, company car, health insurance, integrative pension fund, and schooling (newly inserted from this year) assigned according to Group/Local Policies. For new hirings and terminated employees pro-quota values were considered.